stock code：6142

CAMEO COMMUNICATIONS, INC.

2023 Annual Report

Taiwan Stock Exchange Market Observation System：http://mops.twse.com.tw
CAMEO COMMUNICATIONS, INC.website：http://www.cameo.com.tw
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Name：Allen Cheng

Position：General Manager

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(IV) Deputy Spokesman of Cameo Communication Inc.

Name：Jessica Su

Position：Deputy Director of Financial Accounting Department

TEL：(02)773-63000

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Company HQ addres：5F., No. 158, Ruihu St., Neihu Dist., Taipei City 11494, Taiwan

TEL：(02)773-63000

Branch：None.

Factory address: No. 168, Keji 5th Rd., Annan Dist., Tainan City 70955, Taiwan

TEL：(06)701-1000

(VI) Stock transfer agent

Name：Yuanta Securities Co., Ltd.

Address：B1., No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City 103432, Taiwan (R.O.C.)

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TEL：（02）2586-5859.

(VII) Certified Public Accountant (CPA) for the most recent financial report

Name：CPA Samuel Au、CPA Yvette Chien

CPA Firm Name：KPMG

Address：68F, Taipei 101 Tower, No.7, Sec.5, Xinyi Road,Taipei City 11049, Taiwan

Website：http://www.kpmg.com.tw

TEL：（02）8101-6666

(VIII) Name of any overseas securities trading agency and search name in the said overseas securities trading agency: None

(IX) Company Website：http://www.cameo.com.tw

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Letters to Shareholders

Dear Shareholders,

Thanks for your continuous concerns and supports in the past years. Here we reported the financial results for the full year 2023 as well as the brief operating plan for the year 2024.

I. Operational Report for the Year 2023

(1) Implementation Result of the 2023 Operational Plan

The consolidated revenue of our company for the fiscal year 2023 was NTD 2.54 billion, which was a decrease of approximately 24.8% compared to the consolidated revenue of NTD 3.38 billion in 2022. The main reason for the decline in revenue was that though the material shortage problem since 2022 was improved in 2023, which satisfied the demands from the customers and delivered smoothly in the first half of the year; however, at the end of the second quarter, we gradually faced the adjustment from the customers' resolving their high inventory levels. In addition, the end consumption has been suppressed due to the gradual effects of the tight monetary policy implemented by the major countries, which raised the interest rates significantly to control high inflation. At the same time, the world economic outlook is also doubtful due to the continuous international confrontation and regional wars; this has caused customers to plan conservatively for future demand resulted in a reduction in the number of orders and even delays in shipments; the impact resulted in a decrease in consolidated revenue for the year compared with 2022, and the overall results were presented at the end of 2023.

Under such circumstances, our company continued to implement various measures, discussing partial redesigns or replacements of old models or less competitive products with customers, and promoting high-value models to increase the proportion of high value ones to improve the gross profit margins gradually.

Although the global economy is still uncertain due to inflation issues, international confrontations and regional wars, we will continue to improve manufacturing efficiency and product competitiveness, work closely with customers to mitigate product supply risks, strive to enhance product value, and actively meet customer demand, in order to keep the revenue and gross profit growing continuously.

(2) Budget Execution

The company did not disclose the financial forecast for 2023.

(3) Financial Profitability Analysis

Factors	2023	2022
Liabilities to assets ratio（％）	26.02	42.29
Long-term capital to fixed assets ratio （％）	275.39	284.32
Current ratio（％）	490.53	260.84
Quick Ratio（％）	369.08	176.37
Return on assets（％）	(0.49)	2.00
Return on equity（％）	(1.16)	2.98
Net profit rate（％）	(1.46)	2.81
EPS (after fully diluted) (NT$)	(0.11)	0.29

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

(4) Overview of Research and Development

The new products under development planned are listed as following.

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

- AI Controller Based VPN Gateway
- AI Controller Based Wireless Access Point

- 5G O-RAN Private Network System and Application

II. Overview of 2024 Business Plan

（1） Operating Policies

1. Keep improving the production quality and efficiency: We will keep improving and integrating the processes with automation to raise the production performance and lower down the cost in order to deliver the high-tech products with high unit price and high gross profit.
2. Enhance the cooperation partnership between/ among customers and suppliers: we will cooperate with our customers and suppliers by sharing the market information and the technology roadmap with each other, also developing the future technologies and products to satisfy the customers by leveraging our suppliers.
3. Enhance the software R&D capability for high-end technologies: we will keep investing on the new technologies based on current inner R&D resource to provide the high-end products by enhancing S/W-H/W integrated value-added functions which can provide better gross profit significantly than just products with hardware manufactured only. To approach this goal, we will introduce more excellent engineers into our team, and also cooperate with our customers, suppliers for joint development.

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

1. Estimated sales of the company in 2024

   For the wired products, we plan to finish developing 2.5G/ 5G/ 10G RJ45 PoE++ (802.3bt) network switches, and also put our effort on developing the stackable L2/L3 software-hardware integrated high-end switches to satisfy the customer demand for the better gross profit.

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

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

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

（1） Future development strategies

The main development strategies are as follows:

1. Keep improving the manufacturing technology, controlling the quality and the cost strictly to raise the production efficiency and the capability to gain.
2. Enhance the cooperation partnership between/ among the main customers and key

component suppliers.

3. Keep investing in the advanced technologies to improve the H/W & S/W development capabilities for the high-end products.

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

1. The development of 5G communication technology and AI continues to drive demand for network communications; however, the confrontation between international powers and the continuation of the regional wars will seriously affect the economic prospects, energy supply, regional security, which shall be more unpredictable variables.
2. Factors such as the international political and military confrontations and disputes will continue to affect the reorganization of the supply chain, which shall have more uncertain impact on product manufacturing, transportation costs and the delivery dates.
3. It has a widespread impact on the economic activities for the implementation of raising the interest to control the inflation by many countries.

To sum up, on one hand, the development of new technologies will continue to drive the demand for network communications in this new year; but on the other hand the economic outlook seems not to be optimistic due to the international unrest and the inflation, as well as the challenges from the trade barriers and the supply chain restructuring issues. In the coming year, we shall take the opportunities brought by the development of new technologies, and also be ready to overcome the impacts caused by those adverse issues in order to achieve our goals.

Wish all shareholders good health and a safe family!

Chairman：Jeff Wu

GM： Allen Cheng

Accounting Supervisor：Jessica Su

Chapter 2 Company Profile

I.Date of Incorporation：March 11, 1991

II. Company History

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

2001	In order to strengthen the R&D team, the 7th floor space of No. 32 and 34 Zhongxing Road was purchased as a R&D laboratory. In May, Cameo applied to the Taipei Exchange for stock trading. In September, the paid-in capital after capital increase was NT$ 674,621.6 thousand through capitalization of earnings. Cameo was approved to trade general stocks in Taipei Exchange.
2002	On January 22, 2002. Cameo listed in Taipei Exchange. In August, head office moved from Hsinchu Science Park to Xizhi City, Taipei County. In September, the capital increase through capitalization of earnings, the paid-in capital amounted to NT$ 902,008.1 thousand. In October, the wireless communication research and development department established.
2003	On August 4, Cameo stock trading transferred from Taipei Exchange to Taiwan Stock Exchange Corporation. The paid-in capital amounted to NT$ 902,008.1 thousand through capitalization of earnings. Gigabit switches product sales rank first in Taiwan.
2004	The paid-in capital amounted to NT$ 1,113,369.6 thousand through capitalization of earnings in October. On October 29, the board of directors approved the merger with Yangqing Electronics Co., Ltd.
2005	On May 13, 1994, board of directors withdrew the merger with Yangqing Electronics Co., Ltd., and adopted stock swap to incorporate Yangqing Electronics Co., Ltd. as a 100% subsidiary. In July, the paid-in capital amounted to NT$ 1,331,248.81 thousand through capitalization of earnings NT$217,879.24 thousand. On December 1 was the record date for Cameo to acquire Yangqing Electronics Co., Ltd.
2006	In April, Cameo Holding Ltd.invested NettechTechnology (Suzhou) Co., Ltd. in China. In September, Cameo participated inTurboComm Tech Inc. private placement with NT$60 million. In October, the paid-in capital amounted to NT$ 1,685,483 thousand through capitalization of earnings NT$204,134.8thousand.
2007	In March, Cameo issued NT$ 800 million unsecured conversion corporate bonds In April, the board of directors approved the dissolution and liquidation of its subsidiary, Yangqing Electronics Co., Ltd. In August, the paid-in capital amounted to NT$ 1,814,612 thousand through capitalization of earnings and employee bonus NT$ 129,129 thousand. On September 20, the board of directors approved the merger with Wide View Technology Co., Ltd., and the record date of the merger was set on October 1.
2008	In September, the paid-in capital amounted to NT$ 2,209,063 thousand through capitalization of earnings, employee bonus and capital surplus NT$ 394,451 thousand. On September 30, the board of directors approved the merger with Kaijin Technology Co., Ltd., and the record date of the merger was November 1.
2009	In September, the paid-in capital amounted to NT$ 2,275,335 thousand through capitalization of earnings and capital surplus NT$ 66,272 thousand. On December 16, the seventh board of directors in 2009 purchased the corporate operating headquarters in Neihu; the purchase price was re-negotiated and changed to 1.483 billion (tax included) on July 12, 2010.
2010	In September, the paid-in capital amounted to NT$ 2,571,129 thousand through capitalization of earnings and capital surplus NT$ 295,794 thousand.
2011	In September, the paid-in capital amounted to NT$ 2,725,397 thousand through capitalization of earnings NT$ 154,268 thousand.
2013	On November 11, the board of directors approved disposing subsidiary Cameo Holding Ltd.
2014	In September, subsidiary Qianjin Investment Co., Ltd. invested SOARNEX TECHNOLOGY CORPORATION.

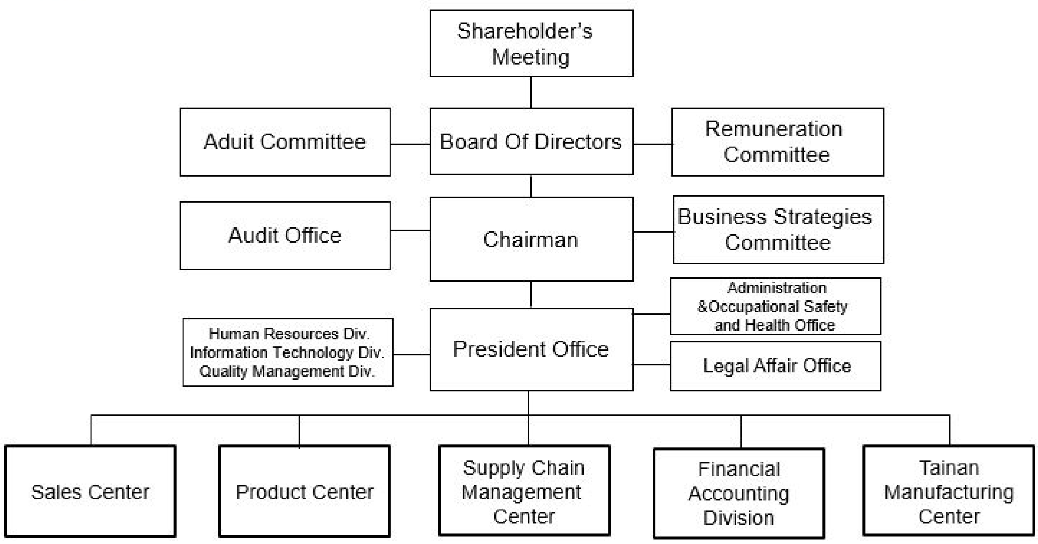
2015	Through treasury stocks reduction NT$ 43,040 thousand, the paid-in capital reduced to NT$ 2,682,357
2016	In December, the board of directors approved the Tainan factory construction project and signed a long-term factory construction contract with Liming Creation Co., Ltd. The total construction price was 1.088 billion.
2017	In March, the board of directors approved the dissolution and liquidation of Wide View Technology (Shanghai) Co., Ltd. In November, the board of directors approved NT$400 million Tainan plant equipment purchase project.
2018	In August, Tainan factory obtained the license and factory registration certificate. In September, the subsidiary Wide View Technology (Shanghai) Co., Ltd. was dissolved and liquidated.
2019	In March, the board of directors approved of its subsidiary, NettechTechnology (Suzhou) Co., Ltd. sold Suzhou Soarnex Technology Co., Ltd. 100% Investment to its subsidiary, Luis Jo'se Investments Inc. In August, the board of directors approved NT$ 360 million for Tainan plant purchase project. In October, the transfer of the equity of Suzhou Soarnex Technology Co., Ltd. to Luis Jo'se Investments Inc. was completed.
2020	In September, The Extraordinary Shareholders' Meeting approved an interim capital reduction to make up for the loss of NT$ 385,564 thousand. After the capital reduction, the paid-in capital was NT$ 2,296,792 thousand. Record date of the capital reduction was December 30, 2020.
2021	In February, the Company processed 101,100,000 private placement of common stock and the paid-in capital after the capital increase was NT$ 3,307,792 thousand. The delivery date was April 15,2021 In April, it was completed capital reduction and issuance of stocks.
2022	In August, the board of directors approved the dissolution and liquidation of SOARNEX TECHNOLOGY CORPORATION. In November, the board of directors approved the dissolution and liquidation of Nettech Technology (Suzhou) Co., Ltd.
2023	In April, the subsidiary SOARNEX TECHNOLOGY CORPORATION was dissolved and liquidated. In August, the subsidiary Nettech Technology (Suzhou) Co., Ltd was dissolved and liquidated.

Chapter 3 Corporate Governance Report

I. Organization

（I）Organizational structure：

Cameo Communications, Inc. Organizational Chart



(II) Responsibilities and functions of major departments：

Board of directors	The chairman of the board is responsible for convening the board of directors, supervising the company's operations, determining the company's important strategies, and planning the company's future business direction and goals.
Audit office	1. Make annual audit plan and perform audit work. 2. Maintain the effectiveness and completeness of the internal audit control system. 3. Establish an internal control risk management system to prevent the company's losses.
President Office	1. Implementing the Company's major resolutions adopted by the Board of Directors, comprehensively managing the Company's operations and future business development plan, as well as guiding and supervising various marketing and sales activities. 2. Planning the Company’s business strategy and vision. 3. Human resources related affairs, including recruitment, education training, salary management, employee relations and human budget control. 4. Computerized operating system software and hardware planning and management, computerized operating authority control. 5. To implement quality policy, quality control and control of hazardous substances in products and execute manufacturer audit & counseling and customer quality service. 6. Maintain public safety and labor safety, formulate, plan, and promote safety and health management matters. 7. General administrative maintenance and planning. 8. Review, revision and drafting of contracts, management intellectual property and handling disputes and litigation cases.
Sales Center.	1. Product Sales. 2. New Technology and Marketing Research. 3. New Product/Project Development and Management. 4. Customer New Product/Project and Sales Management.
Product Center	1. Responsible for the planning, implementation and supervision of the company's product research and development affairs. 2. Responsible for the implementation of the company's product development related operating procedures and file management. 3. Responsible for the R&D quality control of the company's products. 4. Responsible for the technical support and customer service of the company's products. 5. Responsible for Software and Hardware functional verification of the company's products. 6. Responsible for the industrial and mechanical design of the company's products. 7. Product development-related support services and management, including product engineering support (DFM), product function verification (DFT), product safety regulatory certification and recognition of components (including power supply components). 8. Human resources training and planning for product development related support matters. 9. Product line management, product management and project management of wired and wireless network related products. 10. Work with sales to solve customer-related product needs.

	11. Work with R&D department to develop product specifications. 12. Coordinate the cooperation of relevant departments, including materials, production, R&D to promote business-related operations. 13. Fabricate product marketing materials, manuals, software GUI wording and teaching materials. 14. Project development plan, execution and management.
Supply Chain Management Center	1. Production and sales planning, production scheduling, material procurement, material management and other production planning operations. 2. Master the company's product production schedule and make it smooth and correct delivery to customer. 3. Warehousing-related operation management, production materials receiving and receiving, work orders are issued and finished products are packed and shipped, materials are properly stored and materials account management. 4. Handle all import and export business in accordance with laws and regulations.
Financial Accounting Division	Financial accounting planning, budgeting, financing, cost analysis, cashier income and expenditure, shareholder rights, stock affairs, taxes and other operations.
Tainan manufacturing Center	1. To execute production plans and manage their progress to effectively achieve the shipping target. 2. Set up and maintain quality management system to meet international quality, occupational health and safety, environmental management system construction. 3. To maintain quality system includes quality management, quality prevention training and audit, production quality control, manufacturer audit and guidance, customer after-sales RMA repair and customer quality service. 4. Production quality control and improvement, product process control and management. 5. To manage production operations safety and also react and handle abnormal situations. 6. Not only responsible for the production line working normally but also abnormal analysis, continuous improvement when the product is in mass production phase. To make new product can be built smoothly in NPI (New Product Introduction) phase and the advanced production methodologies must be concerned such as automation and re-layout if it is necessary. 7. To setup and manage manufacturing test equipment efficiency and to control retest hours effectiveness. 8. To standardize production technologies and to revise them if it is necessary. 9. Job safety team: work environment safety and health management and supervision, safe production of zero accidents.

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

（I）Director Information：

March 29, 2024

Title	Nationality or place of registration	Name	Gender/ Age	Date elected	Term (Years)	Date first elected	Shares held when elected		Number of shares currently held		Shares held by spouse or minor children		Number/ percentage of shares held in the name of other persons		Major experience/ academic background	Positions currently assumed in this Corporation or other companies	Any managerial officer, director, or supe rvisor who is a spouse or relative within the second degree of kinship			Remark
							Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage			Title	Name	Relation	
Chairman	Republic of China	Taiwan Network Group United Co., Ltd		2023.5.31	3	2023.5.31	2,000	0.00	2,000	0.00	-	-	-	-	-	-	-	-	-	-
Taiwan Network Group United Co., Ltd Representative Director	Republic of China	Jeff Wu	Male 51	2023.5.31	3	2023.5.31	-	-	400,000	0.12	-	-	-	-	University of Mississippi PhD in Finance Assistant professor National Chiayi University	Assistant professor, National Chiayi University	-	-	-	-
Taiwan Network Group United Co., Ltd Representative Director	Republic of China	Joanne Chen	Female 45	2023.9.11	3	2023.5.31	-	-	-	-	-	-	-	-	Master of Arts in International Affairs and Management, University of California, San Diego (USA) Co-Founder & CFO of New Taiding Investment Co., Ltd. Accounting Supervisor of Toyota Financial Services Corporation (USA) Senior Advisor of Ernst & Young LLP (USA) Audit Senior Associate of KPMG LLP(USA)	CFO ,D-Link Corporation Director,D-Link International Pte. Ltd. Director,D-Link Japan K.K. Director, New Taiding Investment Co., Ltd	-	-	-	-
Director	Republic of China	D-Link Corporation		2023.5.31	3	1999.5.14	21,498,506	8.02	137,532,993	41.58	-	-	-	-	-	-	-	-	-	-

Title	Nationality or place of registration	Name	Gender/ Age	Date elected	Term (Years)	Date first elected	Shares held when elected		Number of shares currently held		Shares held by spouse or minor children		Number/ percentage of shares held in the name of other persons		Major experience/ academic background	Positions currently assumed in this Corporation or other companies	Any managerial officer, director, or supe rvisor who is a spouse or relative within the second degree of kinship			Remark
							Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage			Title	Name	Relation	
D-Link Corporation Representative Director	Republic of China	Victor Kuo	Male 60	2023.5.31	3	2020.6.15	-	-	-	-	-	-	-	-	Master of Electrical Engineering NTU CEO& GM of AMIGO TECHNOLOGY INC. GM of AXUS Microsystems, Inc.	Chairman, D-Link Corporation D-Link International Pte. Ltd. Director, D-Link (Europe) Ltd. Director, D-Link Holding Co. Ltd. Director ,D-Link (Holdings) Ltd. Director, D-Link Systems, Inc. Director, D-Link Shiang-Hai (Cayman) Inc. Director, D-Link Capital Investment Co., Ltd Director, D-Link Holding Mauritius, Inc. Director, D-Link Japan K.K. Representative Director ,You Tai Investment Co.,Ltd. Representative Director ,Cameo Communications Inc. Representative Director ,Yong Rui Investment Co., Ltd. Representative Director, AMIGO TECHNOLOGY INC. Chairman, Amit Wireless Inc.	-	-	-	-
D-Link Corporation Representative Director	Republic of China	CJ Chang	Male 64	2023.5.31	3	2023.5.31	268	0.00	268	0.00	400	0.00	-	-	Institute of Business Management, Senshu University D-Link Corporation, Northeast Asia Region Business Unit(NEA), Pan-Asia-Pacific Business Group COO of The Network Inc., Executive Assistant and GM of Advantage Century Telecommunication	CEO, D-Link Corporation Chairman, D-Link Japan K.K. Director, D-Link Australia Pty. Ltd. Director,D-Link Middle-East FZCO Director of D-Link (Shiang-Hai) Co., Ltd., Chairman Representative of Institutional Director of D-Link (Shiang-Hai) Co., Ltd. Beijing Branch and First Branch Chairman and Representative of Institutional Director of Netpro Trading Chairman,(Shiang-Hai) Co., Ltd. and Beijing Branch and Changsha Branch	-	-	-	-

Title	Nationality or place of registration	Name	Gender	Date elected	Term (years)	Date first elected	Shares held when elected		Number of shares currently held		Shares held by spouse or minor children		Number/percentage of shares held in the name of other persons		Major experience/ academic background	Positions currently assumed in this Corporation or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Remark
							Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage			Title	Name	Relation	
Independent director	Republic of China	Zhengting Chen	Male 62	2023.5.31	3	2023.5.31	-	-	-	-	-	-	-	-	Fudan University EMBA Bachelor of Accounting, Chinese University CPA, Jiahe United Accounting Firm	CPA, Jiahe United Accounting Firm	-	-	-	-
Independent director	Republic of China	Ming Jyi Jang	Male 60	2023.5.31	3	2023.5.31	-	-	-	-	-	-	-	-	Mechanical PhD of National Cheng Kung University Master of Aeronautics and Astronautics National Cheng Kung University Chairman, TAI JUN BIOTECH CO., LTD. Vice-principal, Far East Technology University	Chairman,TAI JUN BIOTECH CO., LTD	-	-	-	-
Independent director	Republic of China	Zhen Yu Li	Male 31	2023.5.31	3	2023.5.31	-	-	-	-	-	-	-	-	Master of Information and Telecommunication Engineering, Ming Chuan University Bachelor of Statistics, National Taipei University Manager ,Clco Conference Consulting Ltd.	Manager ,Clco Conference Consulting Ltd.	-	-	-	-

1. Major shareholders of Institutional Shareholders

2024/03/29

Name of Institutional Shareholder	Major shareholders of Institutional Shareholders	
	Shareholders	Percentage
D-Link Corporation	Sapido Technology Inc.	9.93%
	E-Top Metal Co., Ltd.	4.80%
	Yitongyuan investment Co., Ltd.	3.46%
	Pu Ju Investment Co., Ltd.	2.65%
	Chia Hwa Investment Co., Ltd.	1.30%
	LIN,GAO-HUANG	1.24%
	JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds	1.12%
	Chien Chin Investment Co., Ltd.	0.90%
	Acadian Emerging Markets Small Cap Equity Fund LLC	0.71%
	Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	0.64%
Taiwan Network Group United Co., Ltd.	Kings Asset Management Co., Ltd.,	100%

2. Institutional shareholders whose major shareholders are institutions

2024/03/29

Name of Institutional Shareholder	Major shareholders of Institutional Shareholders	
	Shareholders	Percentage
Kings Asset Management Co., Ltd.	James Huang	45%
	Joseph Wang	36%
	E-Top Metal Co., Ltd.	19%
Sapido Technology Inc.	E-Top Metal Co., Ltd	100%
Yitongyuan investment Co., Ltd.	E-Sheng Steel Co., Ltd	100%
E-Top Metal Co., Ltd	First Capital Holding Corporation	99.99%
	YAN CING LI	0.01%
Chien Chin Investment Co., Ltd.	Cameo Communications, Inc.	100%

3. Professional qualifications and independence of the Directors

2024/03/29

Qualification / Name	professional qualifications and work experience	Independence criteria	Number of other public companies where the individual concurrently serves as an independent director
Taiwan Network Group United Co., Ltd Representative Director Jeff Wu	Jeff Wu graduated from University of Mississippi PhD in Finance. He served as an assistant professor in the Department of Finance at Chiayi University with financial expertise. No circumstances under any subparagraph of Article 30 of the Company Act.		0
Taiwan Network Group United Co., Ltd Representative Director Joanne Chen	Joanne Chen graduated from the University of California, San Diego with master degree in international affairs and management. She is currently the chief financial officer of D-Link Corporation and the co-founder and chief financial officer of New Trading Investment Co., Ltd. She once served as Ernst & Young and KPMG Accounting Firm in the United States. No circumstances under any subparagraph of Article 30 of the Company Act.		0
D-Link Corporation Representative Director Victor Kuo	Victor Kuo graduated from the National Taiwan University with master degree in Electrical Engineering. He is currently the chaiman and chief strategy officer of D-Link Corporation. He once served as CEO&President of AMIGO TECHNOLOGY INC. No circumstances under any subparagraph of Article 30 of the Company Act.		0
D-Link Corporation Representative Director CJ Chang	CJ Chang graduated from the Senshu University with master degree in Business Administration . He is currently the general manager of D-Link Corporation. He once served as general manager of the Asia Pacific Business Group of D-Link Corporation for years. No circumstances under any subparagraph of Article 30 of the Company Act.		0
Zhengting Chen	Zhengting Chen graduated from the EMBA of Shanghai Fudan University. He is CPA of Jiahe United Accounting Firm. No circumstances under any subparagraph of Article 30 of the Company Act.	He is not an employee of the company or its affiliates. He and his spouse and minor children do not hold more than 1% of the company's total issued shares or the top ten shareholding in the name of others. Non-professionals who provide auditing or business, legal, financial, accounting and other related services for companies or affiliated companies or has received remuneration in the 2 most recent years not exceeding NT$500,000.	2
Ming Jyi Jang	Ming Jyi Jang graduated from National Cheng Kung University with Mechanical PhD and Master degree in Aeronautics and Astronautics. He is currently Chairman ofTAI JUN BIOTECH CO., LTD. No circumstances under any subparagraph of Article 30 of the Company Act.	He is not an employee of the company or its affiliates. He and his spouse and minor children do not hold more than 1% of the company's total issued shares and are not the top ten shareholding in the name of others. Non-professionals who provide auditing or business, legal, financial, accounting and other related services for companies or affiliated companies or has received remuneration in the 2 most recent years not exceeding NT$500,000.	0
Zhen Yu Li	Zhen Yu Li graduated from Master of Information and Telecommunication Engineering, Ming Chuan University. He is currently Manager of Clco Conference Consulting Ltd with shareholders services expertise. No circumstances under any subparagraph of Article 30 of the Company Act.	He is not an employee of the company or its affiliates. He and his spouse and minor children do not hold more than 1% of the company's total issued shares and are not the top ten shareholding in the name of others. Non-professionals who provide auditing or business, legal, financial, accounting and other related services for companies or affiliated companies or has received remuneration in the 2 most recent years not exceeding NT$500,000.	0

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

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Title	Nationality	Name	Gender	Date of appointment	Number of shares currently held		Shares held by spouse or minor children		Number/percentage of shares held in the name of other persons		Major experience/ academic background	Positions currently assumed in this Corporation or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Remark
					Number of shares held	percentage	Number of shares held	percentage	Number of shares held	percentage			Title	Name	Relation	
General Manager	Republic of China	Allen Cheng	Male	2021.11.3	-	-	-	-	-	-	Master of Electrical Engineering NCKU. Chief Software Technology Officer, D-link Corporation Chief Software Technology Officer, Alpha Networks Inc	Director &GM (Suzhou) SOARNEX HOLDING CO.,LTD Director, Chien Chin Investment Co., Ltd Director, Huge Castle LTD Director, Perfect Choice Co., Ltd Director, Luis Jo’se Investment Inc	-	-	-	
Supply Chain Management Assistant Vice President	Republic of China	Albert Kao	Male	2023.9.1	-	-	-	-	-	-	Bachelor of Electrical and Computer Engineering, National Chiao Tung University Senior manager, LITE-ON TECHNOLOGY CORP Director of R&D, HOLUX TECHNOLOGY, INC Senior manager, ACTION ELECTRONICS CO., LTD	-	-	-	-	
Product Center Assistant Vice President	Republic of China	Sming Wang	Male	2023.9.1	-	-	-	-	-	-	Master of Computer Science and Engineering, National Chiao Tung University Vice President, CENTURY INFOCOMM TECH CO., LTD.	-	-	-	-	
Tainan Manufacturing Center Assistant Vice President	Republic of China	Ray Tseng	Male	2023.9.1	-	-	-	-	-	-	Bachelor of Architecture ,TungHai University Senior Director, Cameo Communications Inc	-	-	-	-	
Corporate governance officer Accounting Supervisor	Republic of China	Jessica Su	Female	2023.8.8	-	-	-	-	-	-	Department of Banking and Insurance, Ming Chuan University Audit Supervisor, CHENBRO MICOM CO., LTD Audit Supervisor, Cameo Communications Inc	-	-	-	-	

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

1. Remuneration paid to directors (including independent directors)

Unit NT$ Thousands

Title	Name	Remuneration to directors								Ratio of total remuneration (A+B+C+D) to net income		Relevant remuneration received by directors who are also employees								Total remuneration (A+B+C+D+E+F+G) as a % of net income after tax		Remuneration from an invested company other than the Company's subsidiaries or parent company
		Remuneration (A)		Severance pay and pension (B)		Remuneration to directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements		The Company	All companies listed in the financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Taiwan Network Group United Co., Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Representative Director Jeff Wu	-	-	-	-	-	-	20	20	20 0.0538	20 0.0538	1,682	1,682	-	-	-	-	-	-	1,702 4.5803	1,702 4.5803	-
	Representative Director Joanne Chen(Note1)	-	-	-	-	-	-	5	5	5 0.0135	5 0.0135	-	-	-	-	-	-	-	-	5 0.0135	5 0.0135	-
	Representative Director James Huang	-	-	-	-	-	-	5	5	5 0.0135	5 0.0135	-	-	-	-	-	-	-	-	5 0.0135	5 0.0135	-
Director	D-Link Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Representative Director Victor Kuo	-	-	-	-	-	-	10	10	10 0.0269	10 0.0269	-	-	-	-	-	-	-	-	10 0.0269	10 0.0269	-
	Representative Director CJ Chang	-	-	-	-	-	-	5	5	5 0.0135	5 0.0135	-	-	-	-	-	-	-	-	5 0.0135	5 0.0135	-
	Representative Director Joseph Wang	-	-	-	-	-	-	10	10	10 0.0269	10 0.0269	-	-	-	-	-	-	-	-	10 0.0269	10 0.0269	-
Director	Jerry Chien	-	-	-	-	-	-	5	5	5 0.0135	5 0.0135	366	366	-	-	-	-	-	-	371 0.9979	371 0.9979	-
Director	D-Link Investment Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Representative Director Victor Kuo	-	-	-	-	-	-	10	10	10 0.0269	10 0.0269	-	-	-	-	-	-	-	-	10 0.0269	10 0.0269	-
Director	JunYang Investment Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Representative Director Joseph Lin	-	-	-	-	-	-	5	5	5 0.0135	5 0.0135	-	-	-	-	-	-	-	-	5 0.0135	5 0.0135	-
Independent Director	Zhengting Chen	117	117	-	-	-	-	15	15	132 0.3543	132 0.3543	-	-	-	-	-	-	-	-	132 0.3543	132 0.3543	-
Independent Director	Ming Jyi Jang	117	117	-	-	-	-	-	-	117 0.3140	117 0.3140	-	-	-	-	-	-	-	-	117 0.3140	117 0.3140	-
Independent Director	Zhen Yu Li	117	117	-	-	-	-	10	10	127 0.3409	127 0.3409	-	-	-	-	-	-	-	-	127 0.3409	127 0.3409	-
Independent Director	Yu-Chang Lin	100	100	-	-	-	-	10	10	110 0.2960	110 0.2960	-	-	-	-	-	-	-	-	110 0.2960	110 0.2960	-
Independent Director	Jeff Hong	100	100	-	-	-	-	5	5	105 0.2826	105 0.2826	-	-	-	-	-	-	-	-	105 0.2826	105 0.2826	-
Independent Director	Arens Chiang	50	50	-	-	-	-	5	5	55 0.1480	55 0.1480	-	-	-	-	-	-	-	-	55 0.1480	55 0.1480	-

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:
   According to the company's directors' salary and remuneration method, independent directors are entitled to remuneration of NT$200,000 per person per year, paid quarterly. Directors attending the board of directors or attending the general meeting of shareholders may receive NT$5,000 per person per ride.
2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors: None.

Table of Remuneration Ranges for the Directors

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

Note1: Taiwan Network Group United Co., Ltd Representative Director James Huang resigned and Joanne Chen succeeded on 2023.9.11
Note2: D-Link Corporation Representative Director Joseph Wang/D-Link Investment Co., Ltd. Representative Director Victor Kuo/ Yu-Chang Lin/ Jeff Hong was dismissed when their term expired.
Note3: Jerry Chien/JunYang Investment Co., Ltd. Representative Director Joseph Lin/ Arens Chiang resigned on 2023.3.31
Note4: Retirement pensions are all appropriated for retirement pension expenses in 2023

2. Remuneration paid to Supervisors

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

3. Remuneration paid to the President and Vice Presidents

Unit NT$ Thousands

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and Allowances (C)		Employee bonus (D)				Total amount and Ratio of total remuneration (A+B+C+D) to net Income (%)		Remuneration from an invested company other than the Company's subsidiaries or parent company
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements		The Company	All companies listed in the financial statements	
								Cash	stock	Cash	stock			
General Manager	Allen Cheng	3,132	3,132	108	108	609	609	-	-	-	-	3,849 10.3569%	3,849 10.3569%	-
Vice President	Doris Hsieh	1,132	1,132	54	54	17	17	-	-	-	-	1,203 3.2371%	1,203 3.2371%	-

Table of Remuneration Ranges for the President and Vice Presidents

Range of remuneration to the President and Vice Presidents	Name	
	The Company	All companieslisted in thefinancial statements
Less than NT$ 1,000,000		
NT$ 1,000,000 (inclusive) to 2,000,000 (not inclusive)	Doris Hsieh	Doris Hsieh
NT$ 2,000,000 (inclusive) to 3,500,000 (not inclusive)		
NT$ 3,500,000 (inclusive) to 5,000,000 (not inclusive)	Allen Cheng	Allen Cheng
NT$5,000,000 (inclusive) to NT$10,000,000 (not inclusive)		
NT$10,000,000 (inclusive) to NT$15,000,000 (not inclusive)		
NT$15,000,000 (inclusive) to NT$30,000,000 (not inclusive)		
NT$30,000,000 (inclusive) to NT$50,000,000 (not inclusive)		
NT$50,000,000 (inclusive) to NT$100,000,000 (not inclusive)		
NT$100,000,000 and above		
Total	2	2

Note 1: Retirement pensions are all appropriated for retirement pension expenses in 2023.

Note2: Vice President Doris Hsieh resigned on 2023.6.30

4. Top Five Managerial Officers with the Highest Remuneration

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and Allowances (C)		Employee bonus (D)				Total amount and Ratio of total remuneration (A+B+C+D) to net Income(%)		Remuneration from an invested company other than the Company's subsidiaries or parent company
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements		The Company	All companies listed in the financial statements	
								Cash	stock	Cash	stock			
General Manager	Allen Cheng	3,132	3,132	108	108	609	609	-	-	-	-	3,849 10.3569%	3,849 10.3569%	-
Assistant Vice President	Ray Tseng	844	844	36	36	418	418	-	-	-	-	1,298 3.4932%	1,298 3.4932%	-
Vice President	Doris Hsieh	1,132	1,132	54	54	17	17	-	-	-	-	1,203 3.2371%	1,203 3.2371%	-
Assistant Vice President	Albert Kao	780	780	-	-	394	394	-	-	-	-	1,174 3.1605%	1,174 3.1605%	-
Assistant Vice President	Sming Wang	784	784	36	36	346	346	-	-	-	-	1,166 3.1382%	1,166 3.1382%	-

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

December 31, 2023 (Unit: NT$ thousands)

	Title	Name	Stock	Cash	Total	Ratio of total amount to Net income (%)
Managerial officer	General Manager	Allen Cheng	-	-	-	-%
	Vice President	Doris Hsieh				
	Assistant Vice President	Sming Wang				
	Assistant Vice President	Albert Kao				
	Assistant Vice President	Ray Tseng				
	Corporate governance officer/Accounting Supervisor	Jessica Su				
	Corporate governance officer/Accounting Supervisor	Amy Wang				

Note: The distribution of 2023 employee remuneration for managers has not yet been resolved.

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

Title	Ratio of total remuneration to net income after tax (%) 2023		Ratio of total remuneration to net income after tax (%) 2022	
	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements
Directors Supervisors President and Vice Presidents	21.04%	21.04%	14.97%	15.10%

The remuneration paid to directors and supervisors by the company and all companies listed in the consolidated statements in the most recent two years is appropriated according to the Articles of Incorporation, which stipulate that: "From the profit earned by the Company as shown through the annual account closing, no more than 2% shall be taken for directors' and supervisors' compensation. The annual earning distribution status was submitted to the Board of Directors for discussion before being sent to the shareholders' meeting for resolution. There was big difference in the percentage of net (loss)income in 2023 and 2022. Due to net loss, no director's remuneration was appropriated in 2023 .There was earnings after deficit to be deducted in 2022. According to the company's directors' salary and remuneration method, independent directors are entitled to remuneration of NT$200,000 per person per year, paid quarterly. Directors attending the board of directors or attending the general meeting of shareholders may receive NT$5,000 per person per ride. Independent directors do not participate in director remuneration distribution.

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

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

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

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

IV、Operation of corporate governance

（I）Operations of the Board of Directors

A total of 7 meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Taiwan Network Group United Co., Ltd Representative Director Jeff Wu	4	0	100.0	Elected on 2023.5.31
Director	Taiwan Network Group United Co., Ltd Representative Director Joanne Chen	1	0	100.0	Appointed on 2023.9.11
Director	Taiwan Network Group United Co., Ltd Representative Director James Huang	3	0	100.0	Elected on 2023.5.31 Resigned on 2023.9.11
Director	D-Link Corporation Representative Director Victor Kuo	4	0	100.0	Elected on 2023.5.31
Director	D-Link Corporation Representative Director CJ Chang	3	1	75.0	Elected on 2023.5.31
Director	D-Link Corporation Representative Director Joseph Wang	3	0	100.0	Term expired on 2023.5.31
Director	Jerry Chien	2	0	100.0	Resigned on 2023.3.31
Director	JunYang Investment Co.,Ltd. Representative Director Joseph Lin	2	0	100.0	Resigned on 2023.3.31
Director	D-Link Investment Co., Ltd. Representative Director Victor Kuo	3	0	100.0	Term expired on 2023.5.31
Independent Director	Zhengting Chen	4	0	100.0	Elected on 2023.5.31
Independent Director	Ming Jyi Jang	4	0	100.0	Elected on 2023.5.31
Independent Director	Zhen Yu Li	4	0	100.0	Elected on 2023.5.31

Independent Director	Arens Chiang	2	0	100.0	Resigned on 2023.3.31
Independent Director	Yu-Chang Lin	3	0	100.0	Term expired on 2023.5.31
Independent Director	Jeff Hong	3	0	100.0	Term expired on 2023.5.31

Other mentionable items:

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

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

Date	Proposal	All independent directors' opinions
The 17th meeting of the 11 st term 2023.2.22	1. Approved to change Certificated Public Accountant of the CPA firm 2. Approval of 2022 business report and consolidated financial statement (inclusive parent company only financial statement) 3.Approval of the 2022 Earnings Distribution Proposal 4. Approval 2022 Internal Control System Statement 5.Approval of 2023 business plan 6.Approval of 2022 CPA independence assessment 7.Approval of 2023 CPA fees 8.Approved the procedure for preparation and validation of the ESG report 9. Approved the Regulations of the ESG Committee 10. To approve acquires the right-of-use assets from related parties	Approved by all independent directors
The 18th meeting of the 11st term 2023.5.9	1. Approval of 2023Q1 consolidated financial statement 2. To approve renewal liability insurance for directors and managers 3. Report on 2023 derivative financial products transactions	
The 2nd meeting of the 12th term 2023.7.18	1. Approved the amendment to the Procedures for director's salary and remuneration	
The 3rd meeting of the 12th term 2023.8.8	1. Approved the appointment of accounting supervisor 2. Approval of 2023Q2 consolidated financial statement 3. Report on 2023 derivative financial products transactions 4. Report on the review results of independent directors' qualifications meeting relevant laws and regulations at the time of appointment	
The 4th meeting of the 12th term 2023.11.7	1. Approval of 2023 Q3 consolidated financial statement 2. Report on 2023 derivative financial products transactions 3. Report on 2023 ESG Sustainable Development 4. Approved to establish Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises 5. Approved the release of non-competition restrictions on Directors	

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

2. With regard to the recusal of independent directors from voting due to conflict of interests,the name of independent directors, the content of proposals, reasons for recusal due to conflict of interests and participation in voting shall be stated:

Date	Proposal	Director Recused	reasons for recusal	Voting Results
The 4th meeting of the 12th term 2023.11.7	Approved the release of non-competition restrictions on Directors	Joanne Chen	Served other company positions concurrently	Approved by rest of directors

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

The implementation status of evaluation of the Board of directors
The company stipulated "Performance Evaluation Method for the board of directors" and resolved on Board of directors meeting on March 26, 2018. It is required that the directors complete the self-evaluation questionnaire and submit it to the stock affairs department before the first quarter of following year.
The overall self-evaluation score of the board of directors performance in 2023 was 4.84 points/5 points, and the self-evaluation score of the individual board members performance was 4.93 points/5 points. The performance rating Indicated that directors had a positive evaluation of the Board. The overall score of the self-evaluation of the audit committee was 4.85 points/5 points; the overall score of the self-evaluation of the remuneration committee in 2023 was 4.85 points/5 points, indicating that the operation of the committee was good.

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	2023/1/1~ 2023/12/31	the Board of directors	the Board of directors self-evaluation	1. Degree of participation in company operations 2. Quality decision making by directors 3. The component and structure of the board of directors 4. Directors election and futher education 5. Internal Control
Once a year	2023/1/1~ 2023/12/31	Performance evaluation of individual board members	Board member self-evaluation	1.Company goals and tasks responsibilities of the directors 2. Degree of participation in company operations. 3.Relationship and communication 4.Profession and further education of directors 5. Internal Control
Once a year	2023/1/1~ 2023/12/31	Audit / Remuneration Committee	the Board of directors self-evaluation	1.Participation in the operation of the Company; 2.Awareness of the duties of the audit committee; 3.Improvement of quality of decisions made by the audit committee; 4. Makeup of the audit committee and election of its members; 5. Internal control

Ⅳ. Goals for enhancing the functions of the Board of Directors (such as establishing an Audit Committee or increasing information transparency) for the current year and most recent year as well as the assessment of the actions implemented:
The company established an audit committee on June 16, 2017, composed of all independent directors

to improve the effectiveness of the board of directors. In order to consolidate corporate governance and enhance the functions of the company's board of directors, the company has formulated the "Board Performance Evaluation Method" on March 26, 2018, and conducts annual performance evaluations to enhance the operational efficiency of the board of directors. All directors of the Company participated in 81 hours of training in 2023, an increase of 15 hours compared with 2022, and the completion rate of each director's training hours was 100%.

（II）Operation of Audit Committee

1、Audit Committee：

A total of 4 Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Independent Director	Zhengting Chen	2	0	100.0	Elected on 2023/5/31
Independent Director	Ming Jyi Jang	2	0	100.0	Elected on 2023/5/31
Independent Director	Zhen Yu Li	2	0	100.0	Elected on 2023/5/31
Independent Director	Arens Chiang	1	0	100.0	Resigned on 2023.3.31
Independent Director	Yu-Chang Lin	2	0	100.0	Term expired on 2023.5.31
Independent Director	Jeff Hong	2	0	100.0	Term expired on 2023.5.31

Other mentionable items

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

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

Date	Proposal	All independent directors' opinions
The 14th meeting of the 2nd term 2023.2.22	1. Approved to change Certificated Public Accountant of the CPA firm 2. Approval of 2022 business report and consolidated financial statement (inclusive parent company only financial statement) 3.Approval of the 2022 Earnings Distribution Proposal 4. Approval 2022 Internal Control System Statement 5.Approval of 2023 business plan 6.Approval of 2022 CPA independence assessment 7.Approval of 2023 CPA fees 8.Approved the procedure for preparation and validation of the ESG report 9. Approved the Regulations of the ESG Committee 10. To approve acquires the right-of-use assets from related parties	Approved by all independent directors
The 15th meeting of the 2nd term 2023.5.9	1. Approval of 2023Q1 consolidated financial statement 2. To approve renewal liability insurance for directors and managers 3. Report on 2023 derivative financial products transactions	
The 1st meeting of the 3th term 2023.8.8	1. Approved the appointment of accounting supervisor 2. Approval of 2023Q2 consolidated financial statement 3. Report on 2023 derivative financial products transactions 4. Report on the review results of independent directors' qualifications meeting relevant laws and regulations at the time of appointment	
The 2nd meeting of the 3th term 2023.11.7	1. Approval of 2023 Q3 consolidated financial statement 2. Report on 2023 derivative financial products transactions 3. Approved to establish Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises	

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

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

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

(1) The audit supervisor of the company quarterly reports to the members of the audit committee on the implementation of the audit plan. No major abnormalities were discovered in 2023, and the communication between the independent directors of the company and the internal audit supervisor was good.

(2) CPA quarterly reports to the members of the audit committee on the audit result of financial report and other items required by SEC laws. No major abnormalities were discovered in 2023, and the communication between the independent directors and the CPA was good.

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

Date	Content of the communication	Result
2023.2.22	Report on 2022 Q4 status of audit Implementation Approved to establish procedure for preparation and validation of the ESG report	Independent directors have no opinion
2023.5.9	Report on 2023 Q1 status of audit implementation	Independent directors have no opinion
2023.8.8	Report on 2023 Q2 status of audit implementation	Independent directors have no opinion
2023.11.7	Report on 2023 Q3 status of audit implementation Approved to establish Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises	Independent directors have no opinion

Communication between independent directors and CPA:

Date	Content of the communication	Result
2023.2.22	2022 consolidated (individual) financial report audit results 2023 CPA fees General principles for pre-approval of non-reliable service policies(Cooperating with AQI to assess the independence of CPA) 2022 Q4 communication about key audit matters with corporate governance and law update	Independent directors have no opinion
2023.5.9	2023 Q1 consolidated financial report review result	Independent directors have no opinion
2023.8.8	2023 Q2 consolidated financial report review result 2023 Q2 communication about key audit matters with corporate governance and law update	Independent directors have no opinion
2023.11.7	2023 Q3 consolidated financial report review result 2023 Q3 communication about key audit matters with corporate governance and law update	Independent directors have no opinion

2、Audit Committee work point:

- Adoption or amendment to an internal control system pursuant to Article 14-1.
- Assessment of the effectiveness of the internal control system.
- Review financial Statement audited by CPA
- A material asset or derivatives transaction
- A material monetary loan, endorsement, or provision of guarantee

- The offering, issuance, or private placement of any equity-type securities
- The hiring or dismissal of an attesting CPA and independent assessment
- The appointment or discharge of a financial, accounting, or internal auditing officer

➢ Review financial Statement audited by CPA

The 2023 business report, financial statements and deficit compensation proposal, which were agreed upon the Audit Committee and resolved by the Board, were audited by the CPA of KPMG, and a review report was issued.

➢ Assessment of the effectiveness of the internal control system.

The audit committee assessed the company’s internal control system for the year 2023, including five major aspects: control environment, risk assessment, control operations, information communication and supervision for evaluation of the effectiveness of internal control, as well as whether the design and system of internal control were actually implemented. The committee believes that the company's internal control system is effective and the company will continue to make amendments to improve the internal control system.

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

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

Item	Implementation Status (Note1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(4) The company stipulated " Internal Material Information Processing Procedures "and "Code of Ethical Conduct" that avoid conflicts of interest related to their duties and disclose unpublish information. The company stipulated "Corporate Governance Best-Practice Principles" which prohibit insiders (including directors) from trading securities using information not disclosed during the closed period (30 days before the annual financial report announcement and 15 days before the quarterly financial report announcement). The company will educate new directors and managers on the prohibition of insider trading when they are appointed , and also remind insiders through mail not trading securities before the annual financial report announcement, and fifteen days before the quarterly financial report announcement.	No material deviations
III. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	V		(1) The Company stipulates in the "corporate governance principles" that the board of directors should consider diversity, including but not limited to the following two standards: a. Basic conditions and values: gender, age, nationality and culture, etc. b. Professional knowledge and skills: professional background. The current board of directors of the company consists of 7 directors, including 4 directors and 3 independent directors. As of the end of 2023, there were 7 current directors, 1 director aged 30-40 years old, 1 director	No material deviations

Item	Implementation Status (Note1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			aged 40-50 years old ,1 director aged 50-60 years old, and 4 director aged over 60 years old. Achieving the goal of having one female director on Board is set to improve gender quality and diversity. The Board finally achieved on 2023.9.11. Among them, the independent directors all comply with the regulations on independence of the Securities and Futures Bureau of the Financial Supervisory Commission. Diversity of Board members refers to note1.	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(2) The Company has established the Remuneration Committee and the Audit Committee in accordance with the law. Establishing other functional committees would be considered.	No material deviations
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		(3) The company stipulated "Performance Evaluation Method for the board of directors" on March 26, 2018. It is required that the directors complete the self-evaluation questionnaire and submit it to the stock affairs department before the first quarter of following year. Stock affairs department will evaluate performance of Directors /Audit Committee / Remuneration Committee and report the result. On February 26, 2024, the performance results of the 2023 board of directors’ evaluation submitted to the board of directors. The overall self-evaluation score of the board of directors performance in 2023 was 4.84 points/5 points, and the self-evaluation score of the individual board members performance was 4.93 points/5 points. The performance rating Indicated that directors had a positive evaluation of the Board. The overall score of the self-evaluation of the audit committee was 4.85 points/5 points; the overall score of the self-evaluation of the remuneration committee in 2023	No material deviations

Item	Implementation Status (Note1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			was 4.85 points/5 points, indicating that the operation of the committee was good. The company will take as a reference for the nomination for reelection of directors and members of committee. Remuneration paid to Independent directors are currently a fixed salary pay NTD200,000 per year.	
(4) Does the company regularly evaluate the independence of CPAs?	V		(4) The company regularly evaluates the independence of CPAs once a year. 2023 result submitted to the board of directors on February 26, 2024. The independence and competency of certified accountants are verified in accordance with the information disclosed by the Audit Quality (AQI). According to result, Serena Hsin CPA and Yvette Chien CPA both meet the standard of independence of CPAs. The standard of independence of CPAs refers to note 2.	No material deviations
IV. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		The company has assigned a corporate governance officer concurrently as the accounting supervisor through board of directors on May 4, 2021. According to the "Standard Operating Procedures for Dealing with Directors' Requirements", the company currently appoint corporate governance officer and financial staff part-time to deal with matters related to the board of directors and shareholders meeting, company registration, preparing minutes of the board of directors and shareholders meeting, etc. Information required by directors and supervisors to perform their business and assist them to comply with laws and regulations. Training sessions by corporate governance officer in 2023 refers to note 3.	No material deviations

Item	Implementation Status (Note1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company has set up a section on the Company's website dedicated to stakeholders, where any questions and suggestions can be communicated with the Company through the channels, and the Company will handle and respond directly as soon as possible.	No material deviations
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed the Transfer Agency of Yuanta Securities Co., Ltd to handle affairs relevant to the shareholders' meeting.	No material deviations
VII. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1) The company has set up a company website section to disclose financial business-related information. Investors can also require the company's financial status, business and corporate governance information through Market Observation Post System.	No material deviations
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(2) The company has dedicated personnel to disclose financial information on the company's website and Market Observation Post System.	No material deviations
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V		(3) The company has announced and reported annual financial statements within two months after the end of each fiscal year in 2023 and reported Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit	No material deviations
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices	V		Major Information will be disclosed on the company website and Market Observation Post System, which help shareholders to comprehend company's operation and strategy. The directors of	No material deviations

Item	Implementation Status (Note1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(including but not limited to employee rights, employee wellness, investor relations,supplier relations,stakeholder rights,directors' and supervisors' training records,implementation of risk management policies and risk evaluation measures,implementation of customer policies, and participation in liability insurance by directors and supervisors)?			the company had a total of 81 hours of training in 2023.The company has purchased liability insurance for directors and important staff, and reported the insurance coverage to the board of directors for approval and then announced it on the Market Observation Post System.	
IX.Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. The company participated in the evaluation of self-assessment of corporate governance of listed companies conducted by the Taiwan Stock Exchange Co., Ltd. The company updated the corporate governance area on website. The company has announced and reported annual financial statements within two months after the end of each fiscal year. The improvement of the above evaluation items was compliance with the regulations of the governance.				

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

Note1: Diversity of Board members

Diversity items / Name	Basic information							Industry experience/ Professional background			
	Gender	Age				Years acting as an Independent director		Business Management	Shareholders Services	Technology	Finance Accounting
		Under 40	40-50	50-60	Over 60	Less than 3 years	3 years to 6 years				
Jeff Wu	Male			V							V
Joanne Chen	Female		V					V			V
Victor Kuo	Male				V			V		V	
CJ Chang	Male				V			V			
Zhengting Chen	Male				V	V					V
Ming Jyi Jang	Male				V	V		V		V	
Zhen Yu Li	Male	V				V			V		

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

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

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

Note3：Training sessions by corporate governance officer in 2023

Institution of training	Name of the training session	Period of training	Hours of training	Total hours of training
Securities and Futures Institute	2023 Insider Trading Prevention Promotion Conference	2023/10/20~2023/10/20	3	10
Securities and Futures Institute	2023 Insider equity transaction legal compliance promotion briefing meeting	2023/11/22~2023/11/22	3	
Taiwan Academy of Banking and Finance	2023 ESG Finance Conference	2023/12/6~2023/12/6	4	

Note: Jessica Su served as Corporate Governance Officer on 2023.8.8 less than one year.

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

1、 Information on the members of the Remuneration Committee

Qualification / Name	professional qualifications and work experience	Independence criteria	Number of other public companies where the individual concurrently serves as an Remuneration Committee Member
Zhen Yu Li	Zhen Yu Li graduated from Master of Information and Telecommunication Engineering, Ming Chuan University. He is currently Manager of Clco Conference Consulting Ltd with shareholders services expertise. No circumstances under any subparagraph of Article 30 of the Company Act.	He is not an employee of the company or its affiliates. He and his spouse and minor children don't hold more than 1% of the company's total issued shares and are not the top ten shareholding in the name of others. Non-professionals who provide auditing or business, legal, financial, accounting and other related services for companies or affiliated companies or has received remuneration in the 2 most recent years not exceeding NT$500,000.	0
Ming Jyi Jang	Ming Jyi Jang graduated from National Cheng Kung University with Mechanical PhD and Master degree in Aeronautics and Astronautics. He is currently Chairman ofTAI JUN BIOTECH CO., LTD. No circumstances under any subparagraph of Article 30 of the Company Act.	He is not an employee of the company or its affiliates. He and his spouse and minor children don't hold more than 1% of the company's total issued shares and are not the top ten shareholding in the name of others. Non-professionals who provide auditing or business, legal, financial, accounting and other related services for companies or affiliated companies or has received remuneration in the 2 most recent years not exceeding NT$500,000.	0
Zhengting Chen	Zhengting Chen graduated from the EMBA of Shanghai Fudan University. He is CPA of Jiahe United Accounting Firm. No circumstances under any subparagraph of Article 30 of the Company Act.	He is not an employee of the company or its affiliates. He and his spouse and minor children don't hold more than 1% of the company's total issued shares or the top ten shareholding in the name of others. Non-professionals who provide auditing or business, legal, financial, accounting and other related services for companies or affiliated companies or has received remuneration in the 2 most recent years not exceeding NT$500,000.	2

2、Duties of Remuneration Committee Member

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

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

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

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

3、Operation of the Remuneration Committee

There are 3 members in the Remuneration Committee. Duration of the current term of service: July 18, 2023, until May 30, 2025

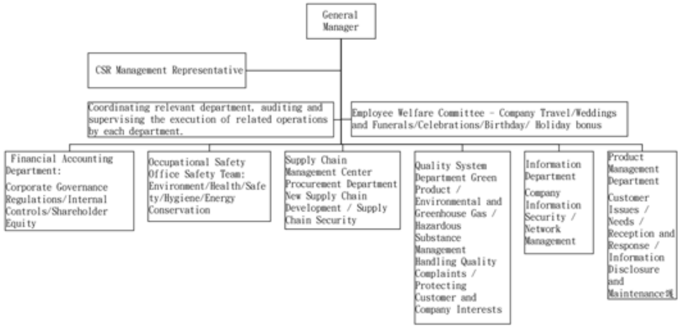
A total of 3 Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairperson	Zhen Yu Li	2	0	100%	Appointed on 2023.7.18
member	Ming Jyi Jang	2	0	100%	Appointed on 2023.7.18
member	Zhengting Chen	2	0	100%	Appointed on 2023.7.18
member	Arens Chaing	1	0	100%	Resigned on 2023.3.31
member	Yu-Chang Lin	1	0	100%	Term expired on 2023.5.31
member	Jeff Hong	1	0	100%	Term expired on 2023.5.31
Other mentionable items: 1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company’s response to the remuneration committee’s opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None. 2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion should be specified: None.					

Date	Proposal	All members' opinions
The 7th meeting of the 4th term 2023.2.22	1. Review 2023 distribution of Employees' and Directors' Remuneration 2. Review 2023 the manager's Remuneration	Approved by all committee members
The 1st meeting of the 5th term 2023.8.8	1. Remuneration proposal for the appointment of accounting supervisor 2. Review the remuneration for managers	
The 2nd meeting of the 5th term 2023.11.7	1.Ratify the remuneration of the managers	

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

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		The Sustainability Committee of our company was established and approved by the board of directors on 2022.2.22. The General Manager serves as the Chairman of the Committee. The Committee has set its tasks and objectives and is staffed by members from various departments of the company. It is responsible for updating the sustainability report annually. On November 7, 2023, members of the Sustainability Committee reported to the Board of Directors on the progress of sustainable development practices in 2023. The report included (1) identification of significant sustainability issues to be addressed, and (2) the status of sustainability report preparation and third-party verification results. The Board of Directors is required to review the achievement of sustainability development goals and urge adjustments to be made by the management team when necessary.	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
			The organizational chart is as follows:  	
II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		CAMEO, Our company adheres to the "Practical Guidelines for Sustainable Development" to implement corporate governance and identify stakeholders based on relevance, including employees, shareholders, customers, suppliers, etc. It combines materiality analysis to identify significant issues. Significant issues can be categorized into economic, environmental, social, and corporate governance aspects related to company operations. Our company conducts risk assessments on these significant issues and establishes relevant risk management policies or strategies.	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
III. Environmental issues (I) Has the Company set an environmental management system designed to industry characteristics?	V		(I) CAMEO has passed ISO 14001 environmental management at the factory end and developed sustainable environmental operations as follows: 1. The company promotes green procurement measures, requiring raw materials and components of products to comply with regulations prohibiting harmful substances, such as RoHS requirements. Suppliers are required to upload RoHS Reports, REACH data, and MSDS (Material Safety Data Sheets) on the company's website at http://gpmap.cameo.com.tw. 2. At the factory end, harmful substance incoming inspections are conducted using XRF (X-ray Fluorescence) detection equipment. During product development stages, dismantling reports are prepared according to customer requirements to achieve the 3R (Reuse, Recycle, Recovery) goals, in line with relevant directives for WEEE (Waste Electrical and Electronic Equipment) to reduce environmental impact. 3. The ISO 14001 environmental management system was verified by the certification body (SGS) on November 30,	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
			2021, and the certificate is valid until November 29, 2024.	
(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		(II) 1. Our company implements waste sorting, recycling of electronic waste components, and the use of environmentally friendly paper to recycle usable resources and reduce environmental pollution impacts. 2. Currently, supervised by the General Affairs Department, environmental cleaning tasks are outsourced to a cleaning company, with all employees collectively maintaining the environment. 3. Our company promotes paperless operations in the office, turns off lights during lunch breaks to reduce energy waste and usage, installs water-saving devices in the tap water system, uses energy-saving light fixtures, and implements zone switches for power and air conditioning systems to practice energy conservation, carbon reduction, and greenhouse gas emission reduction measures.	No material deviation.
(III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		(III) The company pays attention to the impact of climate change on its operations. Product designs comply with the EU ErP energy-saving directive, and T5 fluorescent lamps are	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
			installed in all office buildings to comply with the company's policies on energy conservation, carbon reduction, and greenhouse gas emission reduction. In view of the increasing severity of global warming issues, our company does not lag behind in environmental protection concerns. Starting from within the organization, from waste sorting, kitchen waste recycling, paperless offices, energy conservation, to the design of energy-saving and water-saving devices, we endeavor to contribute to Taiwan's environment.	
(IV) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		(IV) The company has actively assessed and planned the statistics of greenhouse gas emissions, water usage, and total waste weight to reduce impacts on natural resources and minimize environmental pollution. Plans are in place to quantitatively disclose environmental information, such as renewable energy, water resources, and the use of various raw materials. The company categorizes greenhouse gas emissions according to their sources into direct and indirect emissions. Direct emissions arise from the use of refrigerants, carbon dioxide fire extinguishers, vehicle fuels, and power	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
			generation equipment within the factory premises. Indirect greenhouse gas emissions originate from purchased electricity, all of which is procured from Taiwan Power Company, and from upstream indirect emissions associated with electricity generation. Cameo (parent company) has passed ISO 14064-1:2018 - Greenhouse Gas Verification. The audit results are as follows:	

carbon emissions

Items	2023	2022
Direct	134.7923	150.65
Indirect energy	3678.9705	4,168.16
Indirect others	723.1592	722.26
Total	4536.922	5,041.07

Year	Water consumption (metric ton)
2023	23,029
2022	31,628

Year	total weight of waste(metric ton)
2023	hazardous waste1.27 (C-0301) non-hazardous waste12
2022	hazardous waste 3.06 (C-0301) non-hazardous waste 59.149

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
IV. Social issues				
(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		(I) According to the Labor Standards Act and relevant labor laws, the company timely revises its management regulations and labor conditions, which are superior to the Labor Standards Act. All suppliers of the company are required to commit to corporate social responsibility and the EICC (Electronics Industry Code of Conduct).	No material deviation.
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		(II) 1. Employee Benefits: Based on meeting the basic needs of employees, we provide welfare benefits such as labor insurance, health insurance, group insurance, as well as marriage, funeral, childbirth, hospitalization condolences, birthday gifts, and holiday bonuses. 2. Formulation of performance evaluation management measures: The company conducts performance evaluations every six months to one year. Promotions are carried out based on the comparison of performance evaluations in July each year. Employee work rules are established to clearly define effective reward and punishment systems.	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		(III) 1 According to the provisions of the Occupational Safety and Health Act, operation environment measurements are conducted every six months. The factory undergoes ISO 45001 certification by ARES annually, with the validity period until November 29, 2024. 2. New employee education and training include labor safety and health training. Fire safety lectures and drills are conducted every six months.	No material deviation.
(IV) Has the Company established effective career development training programs for employees?	V		(IV) The company has in-service training and coaching systems to develop employees' career capabilities. A competency and personality assessment is conducted every six months to assist employees in exploring skill development.	No material deviation.
(V) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		(V) The company's main business models are ODM, OEM, and EMS for brand customers. Therefore, each contract specifies the protection of customer rights. Upholding our commitment to quality, service, and customer satisfaction, we ensure our quality management system meets requirements and is effective	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
			and continuously improved to meet customer needs. The company is certified by ISO9001, enhancing corporate image through internationally credible third-party audits. By implementing this system, comprehensive written procedures, processes, and organizations are established, not only leaving behind corporate technical document assets but also serving as templates for operational communication when necessary, making internal communication easier to grasp. The establishment of management systems also improves management efficiency, effectiveness, and work quality to maintain stable and safe product output, ensuring consumer confidence. Through the management operation system, the company comprehensively follows RoHS regulations in process and material management, implementing "upstream management." Procurement personnel request suppliers to adhere to RoHS directive specifications, requiring suppliers to self-regulate, self-test, sign RoHS compliance certificates, and undergo audits to ensure that materials and processes used by the company comply with relevant standards and customer requirements.	

<table>
<tr><th rowspan="2">Items</th><th colspan="3">Implantation status (Note1)</th><th rowspan="2">Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary(Note2)</th></tr>
<tr><td>(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?</td><td>V</td><td></td><td>(VI) The company follows all regulations and international standards specified by customers for products and services. Suppliers are required to provide various quality and environmental management assurances. Regular audits are conducted to check for records affecting the environment and society. All suppliers are required to sign the Corporate Social Responsibility - Code of Conduct (CSR-CoC) commitment, including relevant clauses for violating environmental and social policies.</td><td>No material deviation.</td></tr>
<tr><td>V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?</td><td>V</td><td></td><td>The company will compile 2023 ESG report with reference to the internationally GRI standards, and entrust third party Great Certification to perform AA1000 Type 1 Moderate Assurance Certificate . The ESG report will be published on the official website of CAMEO Company https://www.cameo.com.tw/home/investor/#cooperation</td><td>No material deviation.</td></tr>
<tr><td colspan="5">VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company’s operations:
In order to improve the management of corporate social responsibility and strengthen corporate governance, the company has formulated the "Code of Practice for Sustainable Development " in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies " in 2021. There is no major difference in the current operation.</td></tr>
</table>

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
VII. Other important information to help understand the implementation of promoting sustainable development: The annual ESG report can be found on the official website of CAMEO Company http://www.cameo.com.tw/.				

Climate-Related Information of TWSE/TPEx Listed Company

1. Implementation of Climate-Related Information

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</td><td>1. Cameo Communications, Inc. has established a Sustainable Implementation Committee, chaired by the General Manager, to convene regular meetings annually. During these meetings, discussions encompass various topics including climate change risks that may affect company operations, energy and resource efficiency, and environmental impacts throughout the product lifecycle. The committee is mandated to report annually to the Board of Directors on climate change issues and implementation progress. Additionally, a Corporate Governance Officer has been appointed to manage climate change factors within the scope of operational risk management, implementing mitigation measures to reduce operational risks.</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</td><td>2. Cameo Communications, Inc. conducts discussions through its Sustainable Implementation Committee in the "TCFD Climate-related Financial Disclosure Discussion Meetings." Through these meetings, relevant members are convened to discuss and identify climate change risks and opportunities. The discussions are structured according to the framework proposed by the Task Force on Climate-related Financial Disclosures (TCFD). They focus on discussing and identifying transition risks (policy and regulatory, technological, market, reputational), physical risks (immediate, long-term), and opportunities (resource efficiency, energy sources, products/services, markets, resilience). The outcomes are summarized in the following table:
<table>
<tr><th rowspan="2">Risks and Opportunities</th><th rowspan="2">factor</th><th rowspan="2">Climate change risk issues</th><th rowspan="2">potential financial impact</th><th colspan="3">risk level</th></tr>
<tr><th>short term</th><th>medium term</th><th>Long term</th></tr>
<tr><td rowspan="3">Transformation risk</td><td rowspan="2">Policies and regulations</td><td>R1 increases greenhouse gas emissions pricing</td><td>Increase in operating costs due to carbon price</td><td>middle</td><td>middle</td><td>middle</td></tr>
<tr><td>R2 raises electricity prices</td><td>Raising electricity prices increases operating costs</td><td>middle</td><td>middle</td><td>middle</td></tr>
<tr><td>technology</td><td>The R3 process uses low-carbon and energy-saving equipment</td><td>In order to improve energy efficiency and replace low-energy-consuming process equipment in advance, increase capital expenditures</td><td>Low</td><td>middle</td><td>middle</td></tr>
</table>
</td></tr>
</table>

			R4 The cost of low-carbon technology transition	To improve energy efficiency and adopt green design, increase capital expenditure and operating costs	middle	middle	middle
		market	R5 raw material prices rise	Rising raw material prices increase operating costs.	Low	Low	middle
			R6 electricity costs rise	Due to changes in Taiwan's power generation structure, electricity bills will rise.	Low	middle	middle
		reputation	R7 Concern and negative feedback from stakeholders	If we fail to take active sustainable actions, we may lose the favor of investors and customers.	Low	Low	Low
	entity	immediacy	R8The severity of extreme weather events such as R8 typhoons, floods, and droughts has increased	The frequency and severity of heavy rains and floods have increased, resulting in inoperability of factory equipment and interruption of services.	Low	Low	Low
	risk	long term	R9 Changes in rainfall (water) patterns and extreme changes in climate patterns	Facing operational pressure and impact due to scarcity of water resources	Low	Low	Low
			R10 average temperature rises	Rising temperatures lead to increased power consumption in factories, increasing operating costs	Low	Low	Low

Risks and Opportunities	factor	climate change fan meeting topics	potential financial impact	risk level		
				short term	medium term	Long term
Chance	resource efficiency	O1 uses process equipment with higher power usage efficiency	Increases capital expenditures but reduces process equipment power costs	middle	middle	middle
		O2 reduces process water consumption and water consumption	Optimize process water usage system but increase operating costs	Low	Low	Low
Chance	energy source	O3 builds solar panels	Install additional solar panels to increase energy sources	Low	middle	middle
Chance	product service	O4 develops or increases low-carbon goods and services	Increase revenue through demand for low-carbon products and services	middle	middle	middle
Chance	market	O5 enters new market	Enter new and emerging markets and increase revenue	middle	middle	middle
Chance	toughness	O6 Energy Alternative/Diversification	Finding alternative energy sources to increase company resilience	middle	middle	middle

3. Describe the financial impact of extreme weather events and transformative actions.

3. The summary of the assessment of the impact of extreme weather events and transition actions on the company's finances is as follows:

Risks and Opportunities	factor	Climate change risk issues	potential financial impact	risk level		
				short term	medium term	Long term
Transition risk	Policies and regulations	R1 increases greenhouse gas emissions pricing	Increase in operating costs due to carbon price	middle	middle	middle
		R2 raises electricity prices	Raising electricity prices increases operating costs	middle	middle	middle

	technology	R3 process uses low-carbon and energy-saving equipment	In order to improve energy efficiency and replace low-energy-consuming process equipment in advance, increase capital expenditures	Low	middle	middle
	technology	R4 The cost of low-carbon technology transition	To improve energy efficiency and adopt green design, increase capital expenditure and operating costs	middle	middle	middle
	market	R5 raw material prices rise	Rising raw material prices increase operating costs.	Low	Low	middle
	market	R6 electricity costs rise	Due to changes in Taiwan's power generation structure, electricity bills will rise.	Low	middle	middle
	reputation	R7 Concern and negative feedback from stakeholders	If we fail to take active sustainable actions, we may lose the favor of investors and customers.	Low	Low	Low
physical risk	immediacy	R8The severity of extreme weather events such as R8 typhoons, floods, and droughts has increased	The frequency and severity of heavy rains and floods have increased, resulting in inoperability of factory equipment and interruption of services.	Low	Low	Low
physical risk	long term	R9 Changes in rainfall (water) patterns and extreme changes in climate patterns	Facing operational pressure and impact due to scarcity of water resources	Low	Low	Low
physical risk	long term	R10 average temperature rises	Rising temperatures lead to increased power consumption in factories, increasing operating costs	Low	Low	Low

4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.

4. Overall, there are no significant risk items identified in the risk assessment results. Based on risk reduction considerations, Cameo Communications, Inc. has chosen to undertake relevant improvement operations for projects with relatively higher occurrence and impact levels.

I Market Risk - One moderate risk identified is the increase in raw material prices: Cameo Communications, Inc. will mitigate this risk by establishing cooperative relationships with multiple suppliers to reduce reliance on a single supplier. This includes building long-term trust and cooperation to gain supplier support and preferential treatment. Additionally, closely monitoring market and industry changes, including trends in raw material prices and supply conditions, will help anticipate potential issues. When necessary, long-term supply contracts will be signed with suppliers to ensure stable supply and prices.

	Ⅱ Resource Efficiency - One moderate opportunity identified is the use of process equipment with higher energy efficiency: In future equipment upgrades, priority will be given to purchasing water-saving and energy-saving equipment. Ⅲ Energy Source - One moderate opportunity identified is the installation of solar panels: Solar panels have already been installed in the Tainan factory and will be continuously evaluated for expansion in the future. Ⅳ Resilience - One moderate opportunity identified is energy substitution/diversification: Immediate attention will be given to renewable energy projects, monitoring legislative developments and the development of renewable energy, assessing the company's compliance with regulations, and devising measures to meet regulatory compliance and promote the use of renewable energy. Compliance with relevant environmental and energy regulations will further reduce environmental impact through energy-saving, water-saving, and waste reduction measures.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	5. Following the climate-related scenario analysis recommended by TCFD, both quantitative and qualitative climate-related scenario analyses were conducted to formulate corresponding strategies. The company discussed the 2°C scenario (2DS) at the Sustainable Implementation Committee meeting and simultaneously utilized tools provided by TCCIP (Climate Change Integration Service Platform) for assessing climate change physical risk scenarios. The 2DS/RCP2.6 scenario was ultimately selected as the climate change physical risk scenario for the company. Furthermore, in accordance with ISO 31000 Risk Management System and Guidelines, descriptions of climate change risks and opportunities were made based on impact and occurrence for transformational risks, physical risks, etc. within the aforementioned scenarios. Relevant climate risks and opportunities associated with the company's operational scope were identified, taking into account TCFD reports in the telecommunications industry, with a focus on a decade-long perspective for the company's long-term operational development, defining short-term as 1-3 years, medium-term as 3-5 years, and long-term as 6-10 years, with major financial impact considered as a primary parameter. Overall, there are no significant risk items identified in the risk assessment results. Based on risk reduction considerations, Cameo Communications, Inc., has chosen to undertake relevant improvement operations for projects with relatively higher occurrence and impact levels.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	6. Based on the indicators formulated by TCFD for climate risks and opportunities, Cameo Communications, Inc., has further set the following targets: (1)Quantitative target for energy conservation and carbon reduction: Using 2022 as the base year, reduce carbon intensity (Scope 1~3) by 1% annually. (2) Quantitative target for water conservation: Using 2020 as the base year, decrease water consumption rate by 1% annually. (3) Achieve net-zero carbon emissions by 2050.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	7. Currently, there are no specific plans regarding the company's industry position and overall requirements.

8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	8. According to the indicators formulated by TCFD for climate risks and opportunities, Cameo Communications, Inc., has further set the following targets: (1) Quantitative target for energy conservation and carbon reduction: Using 2022 as the base year, reduce carbon intensity (Scopes 1~3) by 1% annually. (2) Quantitative target for water conservation: Using 2020 as the base year, decrease water consumption rate by 1% annually. (3) Achieve net-zero carbon emissions by 2050. Considering the company's industry positioning and overall requirements, there are currently no plans to use carbon offsetting or Renewable Energy Certificates (RECs) to achieve the related goals.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	9. Refer to sections 1-1 and 1-2 for details.

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

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

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

Items	Implantation status (Note1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
III. Implementation of the Company's whistleblowing system (I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers?	V		(I) Whistleblowing channels： 1. mailbox mail：declare@cameo.com.tw 2. Headquarters TEL：(02)77363615 Tainan Factory TEL：(06)7011168 3. receving department：Human Resource deparment。	No material deviations
(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	V		(II) After the case is accepted, the parties should be notified in writing within ten days.Explain the facts, and at the same time conduct investigations depending on the content of the facts. The person responsible for the investigation must complete the investigation within two months after the complaint is filed. The investigation report should be made into recommendations for punishment or other handling. After approval by the supervisor, the complainant and the respondent will be notified. If there is any objection to the resolution of the case, the parties should appeal to human resource within ten days. In order to protect the rights and interests of the whistleblowers, those who accept the whistleblowers will deal with it in a confidential manner Therefore, it does not reveal the name of the whistleblowers or other sufficient information to identify the whistleblowers. Human resource should have a special person responsible for manage information and keep them sealed and archived for at least two years.	No material deviations

<table>
<tr><td rowspan="2">Items</td><td colspan="3">Implantation status (Note1)</td><td rowspan="2">Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary</td></tr>
<tr><td>(III) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?</td><td>V</td><td></td><td>(III)
The company's employee work rules clearly stipulate that employees will not be punished or dismissaled, transfered or other unfavorable treatment due to reports such incidents.</td><td>No material deviations</td></tr>
<tr><td>IV. Enhancing information disclosure
(I) Has the Company disclosed the contents of its best practices for ethical corporate management and the effectiveness of relevant activities upon its official website or Market Observation Post System?</td><td>V</td><td></td><td>The company has disclosed " Corporate Integrity Management Principle" and "Code of Corporate Ethics" relvant to integrity management under“Important Rules of Corporate Governance”area on the website.
(https://www.cameo.com.tw/home/company/company-management/)</td><td>No material deviations</td></tr>
<tr><td colspan="5">V.If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation :No difference.</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).
None.</td></tr>
</table>

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

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

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

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

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

1. Statement on Internal Control System

Cameo Communications Inc.

Statement on Internal Control System Date:February 26,2024

According to the results of the Company's self-assessment, the Company's statement pertaining to the internal control system in 2022 is as follows:

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

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

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

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

V. Based on the aforementioned audit findings, the Company holds that as of December 31, 2023., its internal control procedures(including the procedures to monitor subsidiaries),effectiveness and efficiency of operations, reliability, timeliness,transparency of reporting, and compliance with relevant legal regulations, and design and enforcement of internal controls, are effective. The aforementioned goals can be achieved with reasonable assurance.

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

VII. This Statement has been passed at the Board of Directors meeting on February 26,2024, with none of the seven attending Directors expressing objectives; all Directors affirmed the content of this Statement.

Cameo Communications Inc.

Chairman:Jeff Wu

General Manager:Allen Cheng

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

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

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

Date	Type of meeting	Major resolutions
2023.2.22	Board of Directors	1. Approval of 2022 business report and consolidated financial statement. (inclusive parent company only financial statement) 2. Approval of the 2022 earnings distribution proposal 3.Approval of 2022 the Distribution of Employees' and Directors' Remuneration 4.Approval 2022 Internal Control System Statement 5.Approval of the 2023 business plan 6.Approved matters related to the convening of the 2023 General Shareholders' Meeting 7. Approved the period and location where the company's regular shareholders' meeting of 2023 accepted proposals. 8. To elect 12th Board of Directors (including 3 Independent Directors) 9. Proposal for the nomination of candidates for directors (including independent directors) 10.To release the newly elected directors from non-competition restrictions 11.Approval of 2022 CPA independence assessment 12.Proposal for application for 2023 financial credit line 13.Approval of 2023 CPA's fees 14. Approved to establish ESG Committee 15.Approved to establish the procedure for preparation and validation of the ESG report 16. Approved to establish " ESG Committee Charter " 17. Approved to the CPAs change of the Company 18. Approved to obtain the right to use assets from related parties. 19.Approval the 2023 manager's Remuneration
2023.3.31	Board of Directors	1. To elect the chairman board of director 2. To appoint of directors and chairman of the subsidiaries 3. Proposed and reviewed the list of candidates for the 12th directors 4. Proposed to change shareholding meetings time
2023.5.9	Board of Directors	1. Approval of 2023Q1 consolidated financial statement 2. Approved renewal liability insurance for directors and managers 3. Proposal for application for 2023 financial credit line
2023.5.31	Shareholders' Meeting	1. Approval of 2022 business report and financial statements 2. Approval of the 2022 Earnings Distribution Proposal. 3.To elect 12th Board of Directors 4.To release the newly elected directors from non-competition restrictions
	Implantation status	All resolutions were passed. Item 2: cash dividend $0.22 per share was distributed on 2023.9.15. Item 3: Registration has been completed and disclosed on the MOPs and company website Item 4: Resolution was passed and disclosed on the MOPs and company website.
2023.5.31	Board of Directors	1.To elect Chairman of Board of Directors
2023.8.8	Board of Directors	1. Approved the appointment of accounting supervisor 2. Approval of 2023Q2 consolidated financial statement 3.Approval for setting the base date for 2022 distribution of cash dividends to shareholders 4. Approved the appointment of corporate governance officer 5. Proposal for application for 2023 financial credit line 6. Review the company's insider appointment and remuneration

2023.11.7	Board of Directors	1. Approval of 2023 Q3 consolidated financial statement 2. Approved the release of non-competition restrictions on Directors 3. Approved to establish Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises 4. Approval of 2023 audit plan 5. Approve to reduce capital in cash of Huge Castle Ltd 6.2022 Profit distribution of Huge Castle Ltd 7.Proposal for application for 2023 financial credit line 8. Approval the 2023 manager's Remuneration
2024.2.26	Board of Directors	1. Approval of 2023 business report and consolidated financial statement. (inclusive parent company only financial statement) 2. Approval of the 2023 Deficit Compensation Proposal 3. Approval 2023 Internal Control System Statement 4. Approval of the 2024 business plan 5. Approved matters related to the convening of the 2024 General Shareholders Meeting 6. Approved the period and location where the company's regular shareholders meeting of 2024 accepted proposals. 7.2024 annual accountant independence and competency assessment 8. Approved to change Certificated Public Accountant due to the internal reorganization of the CPA firm 9.Approval of 2024 CPA's fees 10Approved to amendment of Internal Control System-Other Management procedures 11. Approved to amendment of Regulations Governing Procedure for Board of Directors Meetings 12. Proposal for application for 2023 financial credit line 13. Approved to dispose of the right to use assets from related parties 15.Approval the 2024 manager's Remuneration
2024.5.7	Board of Directors	1. Approval of 2024Q1 consolidated financial statement 2. Approved renewal liability insurance for directors and managers 3. Proposal for application for 2024 financial credit line

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

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

Tiltle	Name	Appointment Date	Date of Resignation or Dismissal	Reasons for resignation or dismissal
Chairman	Jerry Chien	1999.12.10	2023.3.31	resigned
Vice President	Doris Hsieh	2021.5.4	2023.6.30	resigned
Accounting supervisor	Amy Wang	2016.4.1	2023.6.30	resigned

V. Certified Public Accountant Professional Fees

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

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

Name of accounting firm	**Name of CPA**		**Audit period**	**Audit fee**	**Non-Audit fee**	**Total**	**Remark**
KPMG	Samuel Au	Yvette Chien	2023/1/1~2023/12/31	2,190	90	2,280	Note1

Note1: The report of transfer price is 90 thousands.

Note2: Due to the internal adjustment of the Certified Public Accountant of KPMG from Samuel Au and Yvette Chien to Serena Hsin and Yvette Chien.

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

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

VI. Replacement of CPAs:

(I)About the former CPA

<table>
<tr><td>Change Date</td><td colspan="5">2023.12.26</td></tr>
<tr><td>Reasons and Descriptions</td><td colspan="5">The accounting firm appointed by the company has changed the certified accountants from Samuel Au and Yvette Chien to Serena Hsin and Yvette Chien</td></tr>
<tr><td rowspan="3">Was the termination of audit services initiated by the Company or the CPA?</td><td colspan="3">Involved Parties
Situations</td><td>CPA</td><td>Appointer</td></tr>
<tr><td colspan="3">The company terminated the appointment.</td><td colspan="2" rowspan="2">Not applicable</td></tr>
<tr><td colspan="3">The CPA rejected being appointed.</td></tr>
<tr><td>Opinions and reasons of the audit
report other than unqualified opinions issued within the recent 2 years</td><td colspan="5">Not applicable</td></tr>
<tr><td rowspan="6">Having different opinions from the
issuer</td><td rowspan="4">Yes</td><td></td><td colspan="3">Accounting Principles or Practice</td></tr>
<tr><td></td><td colspan="3">Disclosure of Financial Reports</td></tr>
<tr><td></td><td colspan="3">Audit Range and Steps</td></tr>
<tr><td></td><td colspan="3">Others</td></tr>
<tr><td>No</td><td colspan="4">V</td></tr>
<tr><td colspan="5">Description</td></tr>
<tr><td>Other Disclosures (according to Subitem 4 of Item 1, Paragraph 5, Article
10 of Guidelines Governing the Preparation of Financial Reports by Securities)</td><td colspan="5">None</td></tr>
</table>

(II)About the succeeding CPA

Name of the Accounting Firm	KPMG
Name of Accountants	Serena Hsin 、Yvette Chien
Date of Appointment	Approved by the Board of Directors on 2024.2.26
Inquiries and replies relating to the accounting methods or principles of certain transactions, and opinions issued for the financial reports prior to ppointment	None
Different opinions in written form made by the succeeding accountant from the former accountant	None

(III)Former accountants' response to Item 1 and Sub-item 3 of Item 2, Paragraph 5, Article 10 of these principles: Not Applicable.

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

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

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

Unit: shares

Title	Name	2023		Up tp March 29,2024	
		Change in Quantity of Shareholding	Change in Quantity of Pledged Shares	Change in Quantity of Shareholding	Change in Quantity of Pledged Shares
Chairman	Taiwan Network Group United Co., Ltd Representative Director	-	-	-	-
Taiwan Network Group United Co., Ltd Representative Director	Jeff Wu	400,000	-	-	-
Taiwan Network Group United Co., Ltd Representative Director	Joanne Chen	-	-	-	-
Taiwan Network Group United Co., Ltd Representative Director	James Huang	-	-	-	-
Director	D-Link Coporation	-	-	-	-
D-Link Coporation Representative Director	Victor Kuo	-	-	-	-
D-Link Coporation Representative Director	CJ Chang	-	-	-	-
D-Link Coporation Representative Director	Joseph Wang	-	-	-	-
Director	D-Link Investment Co., Ltd.	(299,690)	-	-	-
D-Link Investment Co., Ltd. Representative Director	Victor Kuo	-	-	-	-
Director	Jerry Chien				
Director	JunYang Investment Co., Ltd.	-	-	-	-
JunYang Investment Co., Ltd. Representative Director	Joseph Lin	-	-	-	-
Independent Director	Zheng ting Chen	-	-	-	-
Independent Director	Ming Jyi Jang	-	-	-	-
Independent Director	Zhen Yu Li	-	-	-	-
Independent Director	Arens Chiang	-	-	-	-
Independent Director	Yu-Chang, Lin	-	-	-	-
Independent Director	Jeff Hong	-	-	-	-
President	Allen Cheng	-	-	-	-
Vice President	Doris Hsieh	(11,000)	-	-	-
Assistant Vice President	Albert Kao	-	-	-	-
Assistant Vice President	Sming Wang	-	-	-	-
Assistant Vice President	Ray Tseng	-	-	-	-
Accounting Supervisor	Jessica Su	-	-	-	-
Accounting Supervisor	Amy Wang	-	-	-	-

Note1: The information of shareholdings held by James Huang, Joseph Wang, D-Link Investment Co., Ltd, Jerry Chien, JunYang Investment Co., Ltd., Joseph Lin, Arens Chiang, Yu-Chang, Lin, Jeff Hong , Doris Hsieh and Amy Wang were disclosed as of the removal date.

(2)Stock transfer with related party:：None

(3)Stock Pledged with related party: None

IX. Relationship among the Top 10 Shareholders

March 29, 2024

Name	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	
D-Link Corporation	137,532,993	41.58	-	-	-	-	Joseph Wang	legal representative director of D-Link Corporation	
Representative: Victor Kuo	-	-	-	-	-	-	-	-	
CHEN BO SHENG	2,631,000	0.80	-	-	-	-	-	-	
YU WEN RONG	2,238,000	0.68	-	-	-	-	-	-	
LIAU SHU YI	2,171,752	0.66	-	-	-	-	-	-	
Ho Yang Investment Corp.	1,600,000	0.48	-	-	-	-	-	-	
Representative: Joseph Wang	-	-	-	-	-	-	D-Link Corporation	legal representative director of D-Link Corporation	
YAO YU CAI	1,500,470	0.45	-	-	-	-	-	-	
CHEN JIN JHONG	1,475,103	0.45	-	-	-	-	-	-	
Citi Custody DFA Emerging Markets Core Securities Investment Account	1,466,435	0.44	-	-	-	-	-	-	
LIN JHIH SIN	1,278,000	0.39	-	-	-	-	-	-	
Xinmao International Co., Ltd.	1,246,000	0.38	-	-	-	-	-	-	
Representative: JIN JHIH MING	-	-	-	-	-	-	-	-	

X.Ownership of Shares in Affiliated Enterprises

Unit: shares/ %；December 31, 2023

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/ Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Qianjin Investment Co., Ltd.	27,000,000	100%	-	-	27,000,000	100%
HUGE CASTLE LTD.	9,329,718	100%	-	-	9,329,718	100%
CAMEO INTERNATIONAL LTD.	-	-	1	100%	1	100%
PERFECT CHOICE CO.,LTD.	-	-	10,000	100%	10,000	100%
Nettech Technology Suzhou Co.,Ltd	-	-	-	100%	-	100%
LUIS JO'SE INVESTMENTS INC.	-	-	1,362,680	100%	1,362,680	100%
SOARNEX HOLDING CO.,LTD.	-	-	1	100%	1	100%
(Suzhou) SOARNEX HOLDING CO.,LTD.	-	-	-	100%	-	100%

Chapter 4 Capital and Shares

I.Capital and Shares

(I) Source of shares   Unit: Thousand shares; NT$ Thousand;

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

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

Unit：Shares

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

Note: Issued Shares are listed stocks.

(II)Shareholders structure

Unit：Shares；Persons as of March 29, 2024

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	0	176	38,042	65	38,283
Shareholding	0	0	141,561,600	183,407,360	5,810,255	330,779,215
Percentage	0%	0%	42.80%	55.44%	1.76%	100.00%

(III) Shareholding Distribution Status

March 29, 2024

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding	Percentage
1 to 999	24,942	1,723,241	0.52
1,000 to 5,000	8,204	19,143,462	5.79
5,001 to 10,000	2,305	17,830,393	5.39
10,001 to 15,000	747	9,458,794	2.86
15,001 to 20,000	552	10,205,789	3.09
20,001 to 30,000	526	13,576,612	4.10
30,001 to 40,000	247	8,836,121	2.67
40,001 to 50,000	168	7,838,412	2.37
50,001 to 100,000	311	22,675,545	6.86
100,001 to 200,000	162	22,885,477	6.92
200,001 to 400,000	70	19,177,641	5.80
400,001 to 600,000	26	13,055,806	3.95
600,001 to 800,000	8	5,702,965	1.72
800,001 to 1,000,000	-	-	-
1,000,001 more	15	158,668,957	47.96
Total	38,283	330,779,215	100.00%

(IV) List of Major Shareholders

March 29, 2024

Shares / Shareholder's Name	Shareholding	Percentage
D-Link Coporation	137,532,993	41.58%
CHEN BO SHENG	2,631,000	0.80%
YU WEN RONG	2,238,000	0.68%
LIAU SHU YI	2,171,752	0.66%
Ho Yang Investment Corp.	1,600,000	0.48%
YAO YU CAI	1,500,470	0.45%
CHEN JIN JHONG	1,475,103	0.45%
Citi Custody DFA Emerging Markets Core Securities Investment Account	1,466,435	0.44%
LIN JHIH SIN	1,278,000	0.39%
Xinmao International Co., Ltd.	1,246,000	0.38%

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

Unit: NT$

<table>
<tr><th colspan="3"></th><th>2023</th><th>2022</th><th>2024.1.1~
2024.3.31</th></tr>
<tr><td rowspan="3">Market Price per Share</td><td colspan="2">Highest</td><td>15.20</td><td>11.45</td><td>11.20</td></tr>
<tr><td colspan="2">Lowest</td><td>9.10</td><td>7.90</td><td>9.75</td></tr>
<tr><td colspan="2">Average</td><td>12.15</td><td>9.49</td><td>10.475</td></tr>
<tr><td rowspan="2">Net Worth per Share</td><td colspan="2">Before Distribution</td><td>9.53</td><td>9.78</td><td>9.32</td></tr>
<tr><td colspan="2">After Distribution</td><td>9.53</td><td>9.56</td><td>9.32</td></tr>
<tr><td rowspan="4">Earnings per Share</td><td rowspan="2">Weighted Average Shares (thousand shares)</td><td>Before Adjustments</td><td rowspan="2">330,779</td><td rowspan="2">330,779</td><td rowspan="2">330,779</td></tr>
<tr><td>After Adjustments</td></tr>
<tr><td rowspan="2">Earnings per Share</td><td>Before Adjustments</td><td>(0.11)</td><td>0.29</td><td>(0.21)</td></tr>
<tr><td>After Adjustments</td><td>(0.11)</td><td>0.29</td><td>(0.21)</td></tr>
<tr><td rowspan="4">Dividends per Share</td><td colspan="2">Cash Dividends</td><td>-</td><td>0.22</td><td>-</td></tr>
<tr><td rowspan="2">Free allotment</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Accumulated Undistributed Dividends</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="4">Return on Investment</td><td rowspan="2">Price/earnings ratio</td><td>Before Adjustments</td><td>110.45</td><td>32.72</td><td>49.88</td></tr>
<tr><td>After Adjustments</td><td>110.45</td><td>32.72</td><td>49.88</td></tr>
<tr><td colspan="2">Price / Dividend Ratio</td><td>-</td><td>43.14</td><td>-</td></tr>
<tr><td colspan="2">Cash Dividend Yield Rate</td><td>-</td><td>0.02</td><td>-</td></tr>
</table>

Note 1: The Company's 2023 Deficit Compensation Proposal was approved by the resolution of the board of directors on 2024.2.26, which is not yet to be recognized by the shareholders meeting.

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

(VI) Dividend Policy and Implementation Status

1、Dividend Policy：

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

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

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

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

2、Proposed Distribution of Dividend：

The company 2023 net loss NT$37,159,937, Undistributed earnings at the beginning of 2023 NT$2,542,482, Changes in Actuarial profit and loss NT$249,000, Reversal of special reserve NT$1,224,367. Total deficit for the current period NT$33,144,088. Legal reserve NT$8,504,253 to offset deficit. Accumulated loss at the end of 2023 was NT$24,639,835. The Company does not distribute dividends of 2023 in the current year.

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

（VIII）Compensation to employees and directors

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

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

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

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

   (1)Accounting procedures for the estimated amount of remuneration in the form of shares to the Company's employees and Directors: It is estimated based on the company's pre-tax net income for the period before deducting the employees' and directors' remuneration multiplied by the distribution ratio of the company's Articles of Incorporation for employees' remuneration and directors' remuneration, and reported as operating costs or operating expenses for the period.

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

3. Employee compensation proposal adopted by the Board of Directors

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

   The Company's Board of Directors resolved not to distribute employees’remuneration and directors remuneration on February 26, 2024.

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

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

Unit：NT$

	2022		
	Actual amount	Recognized amunt	Diff
Employee compensation (cash)	2,392,000	2,392,000	-
remuneration to Directors	1,594,000	1,594,000	-

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

II. Corporate Bonds：None

III.Preferred Shares: None

IV.Overseas Depository Receipts：None

V. Employee Stock Option：None

VI. New Restricted Employee Shares：None

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

VIII.Financing Plans and Implementation：The purpose of issuing private stock is to enrich working capital. As of December 31, 2023, the actual cumulative amount spent was NT$828,009,000, with a proportion of 100%.

Chapter 5 Business Overview

I. Business Content：

（I）Business Scope

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

2. Product Revenue Proportion：

Unit: NT$ Thousands

Product Category	2023 Revenue	Proportion
Wired communication products	2,094,186	82.47%
Wireless communication products	406,751	16.02%
Others	38,417	1.51%

3. Current Products(Services)：

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

4. New products (services) planned for development

The new products under development planned are listed as following.

- Enterprise Core Switch
- L2/L3 Stackable Management Aggregation Switch
- 2.5G/5G/10G RJ45 POE++ (802.3bt) Switch
- SDN Switch
- Cloud Management System
  - Cloud Management Software
  - Cloud Switch
  - Cloud SDN Gateway
  - Cloud Wireless Access Point
- AI Controller Based Management System
  - AI Network Management Controller
  - AI Controller Based Switch
  - AI Controller Based VPN Gateway
  - AI Controller Based Wireless Access Point
- 5G O-RAN Private Network System and Application

（II） Marketing Overview

1. Marketing state and vision:

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

- Local Area Network (LAN)

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

① Ethernet

Ethernet devices mainly include Network Interface Card (NIC)、Hub、and Switch. The router is the connection device between local area network (LAN) and the wide area network (WAN). LAN switch includes “Layer 2 Switch” that forward L2 packets, and “Layer 3 switch” that route Layer 3 IP packets over the Layer 2 switch.

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

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

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

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

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

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

② WiFi

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

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

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

At the same time, 802.11be, which is the standard of WIFI 7, is expected to be completed in 2024, compared with WIFI 6, the new technology increase is 320M bandwidth, 4096QAM, MLO, Multi-RU, and the overall theoretical data rate has been greatly increased to 46Gb

- Wide Area Network (WAN)

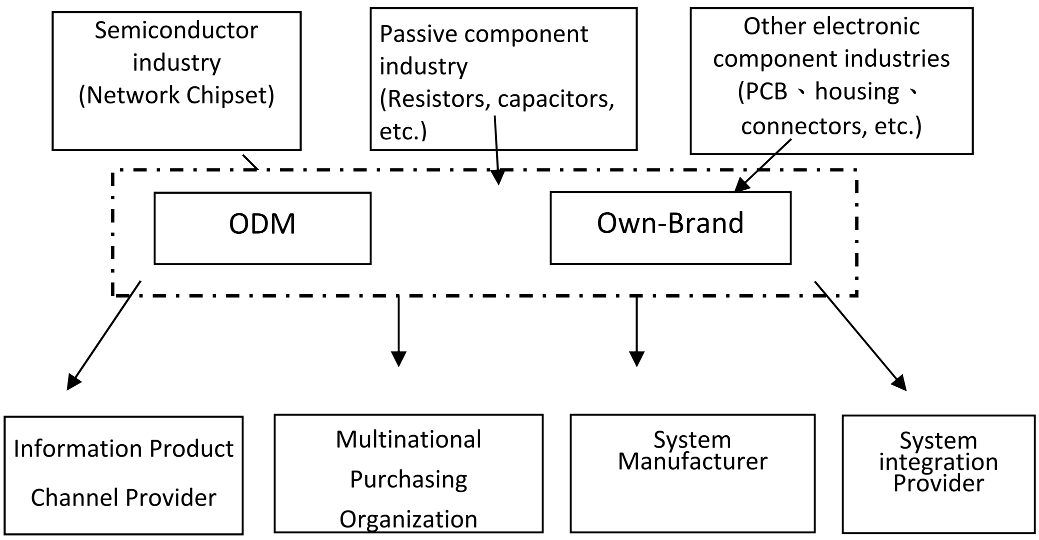
A wide area (broadband) network is a network that connects geographically users to each other through public communication equipment. The current broadband access technologies mainly include DSL、Cable and FTTH(Fiber to the Home). In the network transmission architecture, there are network applications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

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

industry.

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

Interrelationship among the Upstream/ Midstream /Downstream of LAN industry



3. Trend of product development

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

Domestic manufactures who continuously invest in researching and development with the rise of other industries fully grasp the key technologies of WiFi products. Along with WiFi 6 products getting popular, except the 2x2 11ax entry level product line, the leading chipset vendors also develop 11ax SoC chipset, 4x4 MU-MIMO high end RF chipset and also extend to WiFi 6E product segment. Besides home user marketing, system integrators also develop enterprise wireless networking aggressively. The high-end technology specification and stable performance product gain high profit for product. While 802.11be (WIFI 7) standard is finalizing, new chipset will be launched in the end of 2022, it is expected that after the standard is officially developed in 2024, the market will begin to officially enter the 7th generation of wireless networks.

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

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

(3) School and businesses networks.

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

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

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

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

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

4. Competitive Situation

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

(III) Technology and Research Overview

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

Year	2023	2024Q1
Research and development expenses	188,837	47,511
Net Operating Revenue	2,539,354	234,767
Percentage (%)	7.44%	20.24%

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

Year	Development result
2023	▶ WIFI 6 AX3000 EAP ▶ 2.5G Smart POE Switch ▶ 803.3bt 60W/90W POE Switch

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

1、Short-term business development plan

(1) Marketing strategy

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

(2) Production policy

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

(3) Product development

- Expand High Ports 2.5G /10G Smart Switch product line
- Expand WiFi 7 AP/ Router product line

(4) Operating scale

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

(5) Financial management

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

2、Long-term business development plan

(1) Marketing strategy

- Fully acquire professional certifications from various regions to enhance the image of the product quality.

- Actively cultivate professional sales, improve international marketing capabilities, and strive for orders from major international branding customers.

(2) Production policy

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

(3) Product development

- Integrate our own technology and develop products with highly integrated functions.
- Develop high-end managed network switches, and have the ability to independently develop Layer 3 software functions

(4) Operating scale

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

(5) Financial management

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

II. **Market, Production and Sales overview.**

（I）Market Analysis ：

1、Sales region and ratio of main products

Unit: NT$ Thousands

Year \ Sales Regions		Taiwan	APAC	US	EU	Others
2023	Amount	80,151	1,340,378	428,308	559,868	130,649
	(%)	3.16%	52.78%	16.87%	22.05%	5.14%

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

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

In recent years the market has been affected by the Covid-19 epidemic, the SINO-US trade War, and even the shortage of parts and components, shipping congestion and other problems but this has also led the business opportunities such as teleconference, remote education and work from home. The urgent need to speed and traffic has accelerated the speed of network equipment upgrades. Making the growth of WiFi 6 wireless networks, 2.5G/10G switches better than expectation. According to MIC statistics, WiFi 6 products will exceed 50% in 2022. Becoming the mainstream in market, and will rapidly evolve the next generation specification WiFi 6E and WiFi 7 in the future.

With the Sino-US trade war and supply chain problems, as more and more manufacturers move factories and expand production capacity, and some of them also return to Taiwan to set up factories, the problem has gradually eased, and the normal supply situation had already return in 2023. However, the accompanying problem is that the inventory level is too high after a large number of deliveries, resulting in a contraction of orders in the second half of 2023, and it is expected that it may take 1 ~ 2 quarters to ease the inventory pressure.

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

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

		Market share ratio	
		High	Low
Market growth rate	High	Stars High Ports GE Switch 2.5G Low Ports Switch 802.11ax AP/ Router	Opp. 10G Switch 2.5G High Ports Switch L3 Managed Switch Enterprise/Data Center Switch Cloud Based Switch/AP/Gateway WIFI 6E/7 indoor/outdoor EAP
	Low	Cash Cows 16/24 Ports Dumb GE Switch 8/16/24/48 Ports GE Smart Switch	

3、Competitive niche

(1) Professional ODM business

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

(2) A complete wired and wireless product line

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

(3) Excellent R&D team

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

(4) High cooperation with suppliers

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

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

(1) Advantage factors

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

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

(2) Disadvantage factors

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

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

(3) Solutions

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

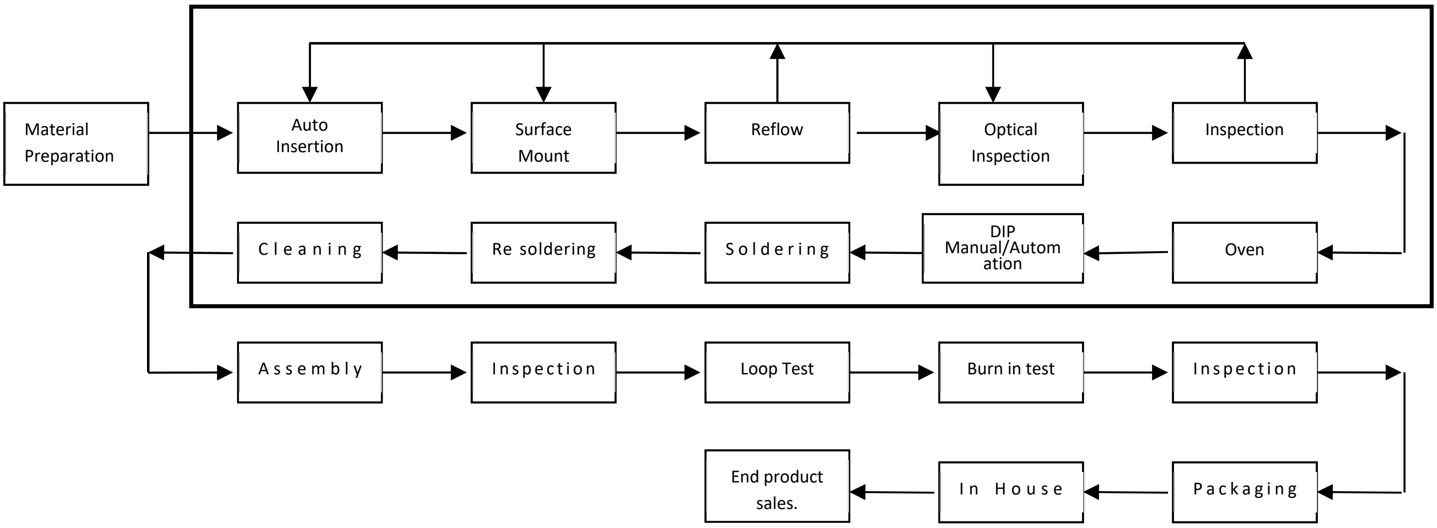
② Add additional software functions to products and keep close to new technologies and needs of the market. Establish a good working environment and welfare encourage innovation and attract young student’s interest in research and develop

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

1、Key applications of the main products：

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

2、Production process of main products



(III) Supply of primary raw materials：

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

(IV) Information on major suppliers and clients：

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

Unit: NT$ Thousands

Item	2022				2023				Up to 2024.3.31			
	Name	Amount	%	Relation to Cameo	Name	Amount	%	Relation to Cameo	Name	Amount	%	Relation to Cameo
1	D-Link	1,628,510	48	Affiliated companies of the Company	D-Link	1,450,449	57	Affiliated companies of the Company	D-Link	136,687	58	Affiliated companies of the Company
2	AV	531,185	16	-	AL	344,681	14	-	AL	38,257	16	-
3	AL	488,622	14	-	AV	281,767	11	-	AT	29,226	13	-
	AT	341,697	10		AT	249,307	10	-				
	Others	389,103	12		Others	213,150	12		Others	30,597	13	
	Net Sales	3,379,117	100		Net Sales	2,539,354	100		Net Sales	234,767	100	

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

2、Major purchasers in the last two years

Unit: NT$ Thousands

Item	2022				2023				Up to 2024.3.31			
	Name	Amount	%	Relation to Cameo	Name	Amount	%	Relation to Cameo	Name	Amount	%	Relation to Cameo
1	FV002	301,065	10	-	MS015	202,296	15	-	MS015	18,621	14	-
	Others	2,622,297	90		FV002	142,617	11		WE001	14,787	11	-
					Other	1,012,771	74		Others	96,530	75	
	Net Purchase	2,923,362	100		Net Purchase	1,357,684	100		Net Purchase	129,938	100	

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

(V) Production in the Last Two Years

Unit: NT$ thousands

Year / Production volume and value / Major Products	2022			2023		
	Capacity	Quantity	Value	Capacity	Quantity	Value
Wired communication products	1,777	1,777	2,304,619	792	792	1,654,513
Wireless communication products	441	441	653,053	227	227	332,048
Others	0	0	848	3	3	281
Total	2,218	2,218	2,958,521	1,022	1,022	1,986,842

(VI) Shipments and Sales in the Last Two Years

Unit: NT$ thousands

Year / Sales volume and value / Major Products	2022				2023			
	Local		Export		Local		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Wired communication products	931	1,343,882	788	1,276,353	424	1,166,833	436	927,353
Wireless communication products	51	104,334	363	584,458	88	158,809	158	247,943
Others	16,962	51,323	142	18,768	754	11,629	546	26,787
Total	17,944	1,499,539	1,293	1,879,579	1,266	1,337,271	1,140	1,202,083

III.Human Resource

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

Year		2022	2023	Up to 2024.3.31
Number of employees	Direct Labor	349	198	195
	Indirect Labor	264	236	233
	Total	613	434	428
Average age		38.55	39.81	39.98
Average year of service (years)		5.0	6.0	6.0
Education distribution ratio (%)	Ph.D.	0.16%	0.46%	0.47%
	Master	6.04%	9.45%	9.81%
	Bachelor	58.40%	61.52%	61.68%
	High school	31.81%	26.96%	26.40%
	Below high school	3.59%	1.61%	1.64%

IV.Environmental Protection Expenditures

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

V. Labor Relations Management

(I)Welfare Measures for Employees

1. In addition to providing various benefits and insurance in accordance with the Labor Standards Act, each department purchases books and periodicals as needed, and handles various education training for employees to enrich themselves and specifies the rate of distribution of remuneration for employees in the articles of association.

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

When the company issues new shares, a certain percentage of shares shall be reserved by employees in accordance with the provisions of the Company Act 2. The company established the Employee Welfare Committee in accordance with the law to select welfare committee members to handle employee welfare matters. The source of the welfare funds is 1.5% of the capital allocated at the time of establishment and capital increase, and 0.1% of the monthly turnover.

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

3. Colleagues will be insured for group insurance upon arrival, and family members will be allowed to add insurance at their own expense.
4. Conduct regular health checkups and arrange for physicians to provide staff consultation on the results of the health checkup.

5. Set up a nursing room for employees to use.
6. The company appoints visually impaired masseurs as regular employees and provides staff massage services, take care of disabled employee and fulfill corporate social responsibilities.

(II) Further studies and Training for Employees

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

Employees of the company should accept various training courses arranged by the company at any time to absorb new knowledge, enhance professional capabilities, and enhance service efficiency. The attendance status of employees participating in training, the performance during training, and the effectiveness and assessment after training can be regarded as the reference basis for employee promotion, rotation and change.

(III) Retirement system and its implementation

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

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

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

1. Retirement application:

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

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

(1) the worker has worked for twenty-five years.
(2) the worker attains the age of fifty-five and has worked for fifteen years.
(3) the worker attains the age of sixty and has worked for ten years.

2. Mandatory retirement:

(1) the worker attains the age of sixty-five.
(2) the worker is unable to perform his/ her duties because of physical and mental disabilities.

3. Preferential retirement:

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

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

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

(V) In the most recent year and as of the publication date of the annual report, the losses suffered due to labor disputes, and the estimated amount and corresponding measures that may occur at present and in the future are disclosed:

As of the publication date of this year's report over the past year, the company has been fined NTD 50,000 for violating Article 32, Paragraph 2 of the Labor Standards Act, as indicated in the disposition dated July 5, 2023, with reference number: Tainan City Labor Safety Letter No. 1120857452. To address this issue, measures will be taken to enhance internal communication, foster harmonious consensus between labor and management, and provide a favorable working environment.

VI.Important Contracts: None.

Chapter 6 Financial Highlights

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

(I) Consolidated Condensed Balance Sheet-Based on IFRS

Unit: NT$ Thousands

Item \ Year		Most Recent Five-Year Financial Information					As of March31,2024
		2019	2020	2021	2022	2023	
Current Assets		2,689,327	2,599,874	3,335,854	3,871,200	2,526,536	2,414,090
Property,plant,and equipment		1,795,368	1,763,854	1,579,963	1,448,869	1,359,524	1,347,085
Intangible assets		22,809	24,625	17,521	11,647	10,436	9,913
Other assets		242,431	285,304	323,687	271,895	362,620	352,396
Total asset value		4,749,935	4,673,657	5,257,025	5,603,611	4,259,116	4,123,457
Current liabilities	Before distribution	1,727,024	1,615,539	1,023,214	1,484,128	515,065	482,545
	After distribution	1,727,024	1,615,539	1,023,214	1,484,128	515,065	Note2
Non-current liabilities		720,082	1,089,242	1,103,460	885,525	593,337	559,123
Total liabilities	Before distribution	2,447,106	2,704,781	2,126,674	2,369,653	1,108,402	1,041,668
	After distribution	2,447,106	2,704,781	2,126,674	2,369,653	1,108,402	Note2
Equity attributable to shareholders of the parent		2,302,829	1,968,876	3,130,351	3,233,958	3,150,714	3,081,789
Share capital		2,682,357	2,296,792	3,307,792	3,307,792	3,307,792	3,307,792
Capital surplus		415,638	0	0	0	0	0
Retained earnings	Before distribution	(573,913)	(229,208)	(19,789)	85,042	(24,640)	(93,047)
	After distribution	(573,913)	(229,208)	(19,789)	85,042	(24,640)	Note2
Other equity interest		(221,253)	(98,708)	(157,652)	(158,876)	(132,438)	(132,956)
Treasury stock		0	0	0	0	0	0
Non-controlling interest		0	0	0	0	0	0
Total equity	Before distribution	2,302,829	1,968,876	3,130,351	3,233,958	3,150,714	3,081,789
	After distribution	2,302,829	1,968,876	3,130,351	3,233,958	3,150,714	Note2

Note1:The financial information as of March 31, 2024 was reviewed by CPA.

Note2: Deficit Compensation Proposal for 2023 was approved by the board of directors on February 26, 2024, which has not yet been resolved at the general shareholders' meeting.

Consolidated Condensed Income Statement-Based on IFRS

Unit: NT$ Thousands

Year / Item	Most Recent Five-Year Financial Information					As of March31,2024
	2019	2020	2021	2022	2023	
Operating revenue	3,393,006	3,291,260	2,491,907	3,379,117	2,539,354	234,767
Gross profit	225,833	75,098	30,206	290,221	172,907	(18,484)
Income from operations	(381,431)	(503,091)	(631,517)	(89,881)	(189,427)	(94,089)
Non-operating income and expenses	42,248	68,116	1,172,332	185,042	170,936	25,682
Net income before tax	(339,183)	(434,975)	540,815	95,161	(18,491)	(68,407)
Net income from continuing operations	(339,135)	(434,942)	390,653	94,973	(37,160)	(68,407)
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss)	(339,135)	(434,942)	390,653	94,973	(37,160)	(68,407)
Other comprehensive income (loss) (net value after tax)	(26,547)	100,989	(57,187)	8,634	26,687	(518)
Total comprehensive income	(365,682)	(333,953)	333,466	103,607	(10,473)	(68,925)
Net income attributable to shareholders of the parent	(339,135)	(434,942)	390,653	94,973	(37,160)	(68,407)
Net income attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of the parent	(365,682)	(333,953)	333,466	103,607	(10,473)	(68,925)
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share(dollar)	(1.48)*	(1.89)	1.23	0.29	(0.11)	(0.21)

Note1: The financial information as of March 31, 2024 was reviewed by CPA.
*after adjustment

（II）Condensed Balance Sheet-Based on IFRS

Unit: NT$ Thousands

Item \ Year		Most Recent Five-Year Financial Information				
		2019	2020	2021	2022	2023
Current Assets		1,920,536	1,877,436	1,693,179	3,234,157	2,268,697
Property,plant,and equipment		1,687,501	1,679,721	1,578,182	1,448,451	1,359,493
Intangible assets		21,337	23,913	17,250	11,647	10,436
Other assets		1,129,178	1,034,599	1,802,133	876,210	702,080
Total asset value		4,758,552	4,615,669	5,090,744	5,570,465	4,340,706
Current liabilities	Before distribution	1,735,684	1,557,594	910,763	1,461,724	596,655
	After distribution	1,735,684	1,557,594	910,763	1,461,724	596,655
Non-current liabilities		720,039	1,089,199	1,049,630	874,783	593,337
Total liabilities	Before distribution	2,455,723	2,646,793	1,960,393	2,336,507	1,189,992
	After distribution	2,455,723	2,646,793	1,960,393	2,336,507	1,189,992
Equity attributable to shareholders of the parent		2,302,829	1,968,876	3,130,351	3,233,958	3,150,714
Share capital		2,682,357	2,296,792	3,307,792	3,307,792	3,307,792
Capital surplus		415,638	0	0	0	0
Retained earnings	Before distribution	(573,913)	(229,208)	(19,789)	85,042	(24,640)
	After distribution	(573,913)	(229,208)	(19,789)	85,042	(24,640)
Other equity interest		(221,253)	(98,708)	(157,652)	(158,876)	(132,438)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	2,302,829	1,968,876	3,130,351	3,233,958	3,150,714
	After distribution	2,302,829	1,968,876	3,130,351	3,233,958	3,150,714

Note1: The financial information as of March 31, 2024 was reviewed by CPA.

Note2:Deficit Compensation Proposal for 2023 was approved by the board of directors on February 26, 2024 which has not yet been resolved at the general shareholders' meeting.

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

Item \ Year	Most Recent Five-Year Financial Information				
	2019	2020	2021	2022	2023
Operating revenue	3,362,184	3,275,514	2,479,234	3,376,432	2,539,354
Gross profit	115,301	128,790	67,060	287,538	173,295
Income from operations	(358,519)	(346,399)	(365,501)	(26,447)	(124,846)
Non-operating income and expenses	19,384	(88,543)	758,250	121,484	87,830
Net income before tax	(339,135)	(434,942)	392,749	95,037	(37,016)
Net income from continuing operations	(339,135)	(434,942)	390,653	94,973	(37,160)
Loss from discontinued operations	0	0	0	0	0
Net income (loss)	(339,135)	(434,942)	390,653	94,973	(37,160)
Other comprehensive income (loss) (net value after tax)	(26,547)	100,989	(57,187)	8,634	26,687
Total comprehensive income	(365,682)	(333,953)	333,466	103,607	(10,473)
Net income attributable to shareholders of the parent	(339,135)	(434,942)	390,653	94,973	(37,160)
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the parent	(365,682)	(333,953)	333,466	103,607	(10,473)
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share(NTS)	(1.48)*	(1.89)	1.23	0.29	(0.11)

*after adjustment

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

Year	Name of CPA	Audit opinion
2019	Samuel Au and Isabella Lou	Unqualified opinion
2020	Samuel Au and Isabella Lou	Unqualified opinion
2021	Samuel Au and Isabella Lou	Unqualified opinion
2022	Samuel Au and Yvette Chien	Unqualified opinion
2023	Samuel Au and Yvette Chien	Unqualified opinion
2024Q1	Serena Hsin and Yvette Chien	qualified review opinion

II.Financial Analyses for the Past Five Fiscal Years

Consolidated Financial Analysis – Based on IFRS

Item（Note 3）/ Year（Note1）		Most Recent Five-Year Financial Information					As of March31, 2024
		2019	2020	2021	2022	2023	
Financial structure %	Ratio of liabilities to assets	51.52	57.87	40.45	42.29	26.02	25.26
	Ratio of long-term capital to Property, plant, and equipment	167.25	173.37	267.97	284.32	275.39	270.28
Solvency %	Current ratio	155.72	160.93	326.02	260.84	490.53	500.28
	Quick ratio	113.50	112.44	233.76	176.37	369.08	380.69
	Times interest earned ratio	(19.45)	(25.36)	44.70	6.59	(0.15)	(19.18)
Operating ability	Receivables turnover rate (times)	4.04	3.77	3.54	4.40	3.84	3.72
	Average days for cash receipts	90.34	96.81	103.10	82.95	95.05	98.11
	Inventory turnover rate (times)	4.28	4.68	3.12	2.96	2.6	1.74
	Payables turnover rate (times)	3.76	4.30	3.96	3.85	3.69	5.37
	Average days for sale of goods	85.28	77.99	116.98	123.31	140.38	209.77
	Turnover rate for property, Plant,and equipment (times)	1.89	1.87	1.58	2.33	1.87	0.70
	Total assets turnover rate (times)	0.71	0.70	0.47	0.60	0.51	0.22
Profitability	Return on asset (%)	(7.01)	(8.95)	8.07	2.00	(0.49)	(6.27)
	Return on equity (%)	(13.64)	(20.36)	15.32	2.98	(1.16)	(8.78)
	Ratio of income before tax to paid-in capital (%)	(12.64)	(18.94)	16.35	2.88	(0.56)	(8.27)
	Net profit ratio (%)	(10.00)	(13.22)	15.68	2.81	(1.46)	(29.14)
	Earnings per share (NT$)	(1.26)	(1.89)	1.23	0.29	(0.11)	(0.21)
Cash flow	Cash flow ratio (%)	(5.03)	(29.75)	(34.01)	(21.18)	99.31	(27.62)
	Cash flow adequacy ratio (%)	(25.18)	(40.71)	(65.59)	(89.76)	(65.62)	(85.88)
	Cash re-investment ratio (%)	(2.19)	(11.72)	(7.52)	(6.84)	12.13	(0.81)
Leverage	Operating leverage	0.37	0.54	0.60	(1.13)	(0.02)	0.64
	Financial leverage	0.96	0.97	0.98	0.84	0.92	0.97

Analysis of financial ratio difference for the last two years

1. Ratio of liabilities to assets：The decrease was mainly due to the decrease in trade payables and other payables, and long-term borrowings were repaid.
2. Current ratio and quick ratio：The increase was mainly due to the decrease in current liabilities.
3. Times interest earned ratio：It was mainly due to decrease in Profit from continuing operations before tax.
4. Return on asset：It was mainly due to decrease in profit and average assets.
5. Return on equity：It was mainly due to decrease in profit.
6. Ratio of income before tax to paid-in capital：It was mainly due to decrease in profit from continuing operations before tax.
7. Net profit ratio：It was mainly due to decrease in revenues and profit.
8. Earnings per share：It was mainly due to decrease in profit.
9. Cash flow ratio：It was mainly due to increase in net cash flows from operating activities and decrease in current liabilities.
10. Cash flow adequacy ratio：It was mainly due to increase in net cash flows from operating activities, and decrease in capital expenditure and inventories for the last 5 years.
11. Cash re-investment ratio：It was mainly due to increase in net cash flows from operating activities, and decrease in other assets and working Capital.
12. Operating leverage：It was mainly due to decrease in operating revenue and profit.

Note1: The financial information as of March 31, 2024 was reviewed by CPA.

Condensed Financial Analysis – Based on IFRS

Item (Note 3) \ Year (Note1)		Financial analysis for the past five fiscal years				
		2019	2020	2021	2022	2023
Financial structure %	Ratio of liabilities to assets	51.61	57.34	38.51	41.94	27.41
	Ratio of long-term capital to Property, plant, and equipment	177.95	182.06	264.86	283.66	275.40
Solvency %	Current ratio	110.65	120.53	185.91	221.26	380.24
	Quick ratio	84.95	81.42	82.54	135.60	275.63
	Times interest earned ratio	(33.01)	(27.09)	33.26	6.48	(1.30)
Operating ability	Receivables turnover rate (times)	4.18	3.85	3.57	4.40	3.84
	Average days for cash receipts	87.32	94.80	102.24	82.95	95.05
	Inventory turnover rate (times)	9.95	6.73	3.41	2.96	2.60
	Payables turnover rate (times)	3.25	4.00	3.79	3.85	3.69
	Average days for sale of goods	36.68	54.23	107.03	123.31	140.38
	Turnover rate for property, Plant,and equipment (times)	1.99	1.95	1.57	2.33	1.87
	Total assets turnover rate (times)	0.71	0.71	0.49	0.61	0.51
Profitability	Return on asset (%)	(7.21)	(9.02)	8.25	2.04	(0.49)
	Return on equity (%)	(13.64)	(20.36)	15.32	2.98	(1.16)
	Ratio of income before tax to paid-in capital (%)	(12.64)	(18.94)	11.87	2.87	(1.12)
	Net profit ratio (%)	(10.09)	(13.28)	15.76	2.81	(1.46)
	Earnings per share (NT$)	(1.48)	(1.89)	1.23	0.29	(0.11)
Cash flow	Cash flow ratio (%)	(38.89)	(30.85)	(32.53)	5.50	100.34
	Cash flow adequacy ratio (%)	(32.43)	(34.15)	(69.59)	(52.67)	(43.43)
	Cash re-investment ratio (%)	(19.78)	(13.52)	(6.32)	(4.09)	13.43
Leverage	Operating leverage	0.53	0.47	0.46	(5.72)	(0.40)
	Financial leverage	0.97	0.96	0.97	0.60	0.89

Analysis of financial ratio difference for the last two years

1. Ratio of liabilities to assets：The decrease was mainly due to the decrease in trade payables and other payables, and long-term borrowings were repaid.
2. Current ratio and quick ratio：The increase was mainly due to the decrease in current liabilities.
3. Times interest earned ratio：It was mainly due to decrease in profit from continuing operations before tax.
4. Return on asset：It was mainly due to decrease in profit and average assets.
5. Return on equity：It was mainly due to decrease in profit.
6. Ratio of income before tax to paid-in capital：It was mainly due to decrease in profit from continuing operations before tax.
7. Net profit ratio：It was mainly due to decrease in operating revenue and profit.
8. Earnings per share：It was mainly due to decrease in profit.
9. Cash flow ratio：It was mainly due to increase in net cash flows from operating activities and decrease in current liabilities.
10. Cash re-investment ratio：It was mainly due to increase in net cash flows from operating activities.
11. Operating leverage：It was mainly due to decrease in operating revenue and profit.
12. Financial leverage：It was mainly due to decrease in profit.

Note3:

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

1. Financial structure

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

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

2. Solvency

(1) Current ratio = Current assets/Current liabilities

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

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

3. Business capability

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

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

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

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

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

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

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

4. Profitability

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

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

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

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

5. Cash flow volume

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

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

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

6. Leverage

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

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

III.Audit Committee’s Audit Report on the 2023 Financial Report

Cameo Communications Inc.

Audit Committee’s Review Report

The 2023 business report, financial statements, and deficit compensation proposal, which were resolved by the Board, were audited by the CPAs Samuel Au and Yvette Chien of KPMG, and a review report was issued.

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

Best regards

2024 General Shareholders' Meeting of Cameo Communications Inc.

Convener of the Audit Committee: Zhengting Chen

February 26, 2024

IV. Financial Report for the Most Recent Year

Please refer to pages 168 to 233 of this annual report.

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

Please refer to pages 109 to 167 of this annual report.

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

Chapter 7 Financial Status, Operation Results and Risk Management

I. Financial Position- Comparison Analysis

Unit: NT$ Thousands

Year Item	2023	2022	Difference	
			Amount	%
Current assets	2,526,536	3,871,200	(1,344,664)	(34.74)%
Property,plant, and equipment	1,359,524	1,448,869	(89,345)	(6.17)%
Intangible assets	10,436	11,647	(1,211)	(10.40)%
Other assets	362,620	271,895	90,725	33.37%
Total asset value	4,259,116	5,603,611	(1,344,495)	(23.99)%
Current liabilities	515,065	1,484,128	(969,063)	(65.30)%
Non-current liabilities	593,337	885,525	(292,188)	(33.00)%
Other liabilities	-	-	-	-
Total liabilities	1,108,402	2,369,653	(1,261,251)	(53.23)%
Share capital	3,307,792	3,307,792	-	-
Capital surplus	-	-	-	-
Retained earnings	(24,640)	85,042	(109,682)	(128.97)%
Equity-Other	(132,438)	(158,876)	26,438	16.64%
Total equity	3,150,714	3,233,958	(83,244)	(2.57)%

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

(I) Decrease in Current assets：It was mainly due to decrease in trade receivables and inventories.

(II) Increase in Other assets：It was mainly due to participate in private equity placements from ENSURE GLOBAL CORP., LTD.

(III) Decrease in Current liabilities：It was mainly due to decrease in trade payables and other payables.

(IV) Decrease in other liabilities：It was mainly due to long-term borrowings were repaid.

(V) Decrease in Retained earnings：It was mainly due to decrease in profit and cash dividends paid.

II. Financial Performance

(I) Financial performance comparison/analysis table

Unit: NT$ Thousands

Year / Item	2023	2022	Increase /Decrease	Change ratio (%)
Net operating revenue	2,539,354	3,379,117	(839,763)	(24.85)%
Operating costs	2,366,447	3,088,896	(722,449)	(23.39)%
Gross profit	172,907	290,221	(117,314)	(40.42)%
Operating expenses	362,334	380,102	(17,768)	(4.67)%
Net operating income (loss)	(189,427)	(89,881)	(99,546)	(110.75)%
Non-operating income and expenses	170,936	185,042	(14,106)	(7.62)%
Net profit before tax (loss) from continuing operations	(18,491)	95,161	(113,652)	(119.43)%
Income tax expenses	18,669	188	18,481	9830.32%
Net income (loss) in this period	(37,160)	94,973	(132,133)	(139.13)%

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

1. Decrease in net operating revenue/operating costs/gross profit/net operating income (loss)：It was mainly due to the decrease in operating revenue because customer adjusts the inventories.
2. Decrease in Net profit before tax (loss) from continuing operations and net income (loss) in this period：It was mainly due to decrease in operating revenue.
3. Increase in Income tax expenses：It was mainly due to increase in withholding tax from a subsidiary of the company, NETTECH TECHNOLOGY (SUZHOU) CO.,LTD remitted the liquidation surplus.

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

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

III. Cash Flow

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

Item \ Year	2023	2022	Increase (decrease) ratio %
Cash flow ratio (%)	99.31	(21.18)	568.89%
Cash flow adequacy ratio (%)	(65.62)	(89.76)	26.89%
Cash re-investment ratio (%)	12.13	(6.84)	277.34%

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

1. Cash flow adequacy ratio：It was mainly due to increase in net cash flows from operating activities ,and decrease in capital expenditure and inventories in 2023.
2. Cash flow adequacy ratio：It was mainly due to increase in net cash flows from operating activities ,and decrease in capital expenditure and inventories during 2019 to 2023.
3. Cash re-investment ratio：It was mainly due to increase in net cash flows from operating activities, and decrease in other assets and working Capital.

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

Unit: NT$ Thousands

Beginning Cash Balance	Cash flow from opeating activities all year	Cash flow from Investing/ Financing activities all year	Cash surplus (Insufficient) amount	Measures for insufficient cash	
				Investing plan	Financing plan
1,331,694	(360,417)	134,268	1,105,545	-	-

(1) Analysis of for the coming year

operating activities：Net cash flows used in operating activities was (360,417) thousand mainly due to the increase in trade receivables and trade payables and inventories.

Investing activities：Net cash flows from investing activities was 256,419 thousand due to acquisition of equipment and and other financial assets.

Financing activities：Net cash flows used in financing activities was (122,151) thousand due to repayments of long-term repayment and cash dividends paid.

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

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

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

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

(II) Expected benefits

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

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

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

(II)Analysis of profit by investment：The Company recognized Loss on investments in the amount of NT$23,083 thousands for the year 2023. The main reason for the Loss is reconized investment Loss for GNT and dividend revenue for Qianjin.

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

1 Improvement plans for deficit：Loss Subsidiaries have gradually reduced capital and resolved liquidation.

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

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

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

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

Rate- Generally speaking, changes in interest rates affect the cost of capital obtained by business owners. The ratio of interest revenue and interest expense to net operating income of the company in the year of 2023 was 0.99% and 0.63%; The ratio of interest revenue and interest expense to net operating income of the company in the year of 2022 was 0.85% and 0.50%;The ratio is not high. According to the past ratio of interest revenue/ expense to net operating income, the overall impact of interest rate changes on the company's profit and loss is still limited.

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

exchange rate- The company export sales accounted for 96.84% of its net operating revenue in 2023. The rise and fall of the US dollar exchange rate will have an impact on the company's finances owing to most of the export goods are reported in US dollars price. The company has always adopted a financial policy that strictly controls the level of foreign currency.

The ratio of net exchange gain to net operating revenue in 2023 was 0.41%. The ratio of net exchange gain to net operating revenue in 2022 was 2.98%.

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

Inflation - According to statistics from Directorate-General of Budget Accounting and Statistics Executive Yuan, the annual increase rate of consumer prices (CPI) was 2.49% in 2023. The company will continue to work on cost reduction and pay attention to changes in the relevant economic environment and market to avoid adverse effects.

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

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

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

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

New products (services) planned for development

- Enterprise Core Switch
- L2/L3 Stackable Management Aggregation Switch
- 2.5G/5G/10G RJ45 POE++ (802.3bt) Switch
- SDN Switch
- Cloud Management System
- Cloud Management Software
- Cloud Switch
- Cloud SDN Gateway
- Cloud Wireless Access Point
- AI Controller Based Management System
- AI Network Management Controller
- AI Controller Based Switch
- AI Controller Based VPN Gateway
- AI Controller Based Wireless Access Point
- 5G O-RAN Private Network System and Application
- The estimated R&D expenditure for 2024 is NT$ 26 million.

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

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

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

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

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

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

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

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

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

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

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

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

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

1、Purchase Risks

The purchase items include IC, PCB, finished and semi-finished wireless products and others. In addition to finished and semi-finished products, the rest are available for replacement at any time by many manufacturers. Since 2021, Most of the production capacity was transferred back to the company’s Tainan factory to produce.Therefore the supply of materials is stable; there should be no significant concentration risk of purchases.

2、Sales Risks

Except for D-Link Group, the sales proportions of the remaining major customers of the company in 2023 and 2022were 14% and 16% respectively. The proportion of sales to D-Link in 2023 and 2022 was 57% and 48% respectively. The sales clients have been scattered in Asia, America and Europe, there should be no risk of excessive concentration.

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

The company’s 2023 shareholders’ meeting was elected for the 12^{th} term of directors, but the result did not have great influence on business operation. There was no major exchange or transfer of shares by Directors or major shareholders with over 10% of shareholdings in 2023.

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

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

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

(XIII) Other material risks and response measures:

1. Information Security risk

(1) **Information Security Policy:**

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

(2) The Scope of Information Security Promotion:

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

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

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

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

VII. Other lmportant Matters: None.

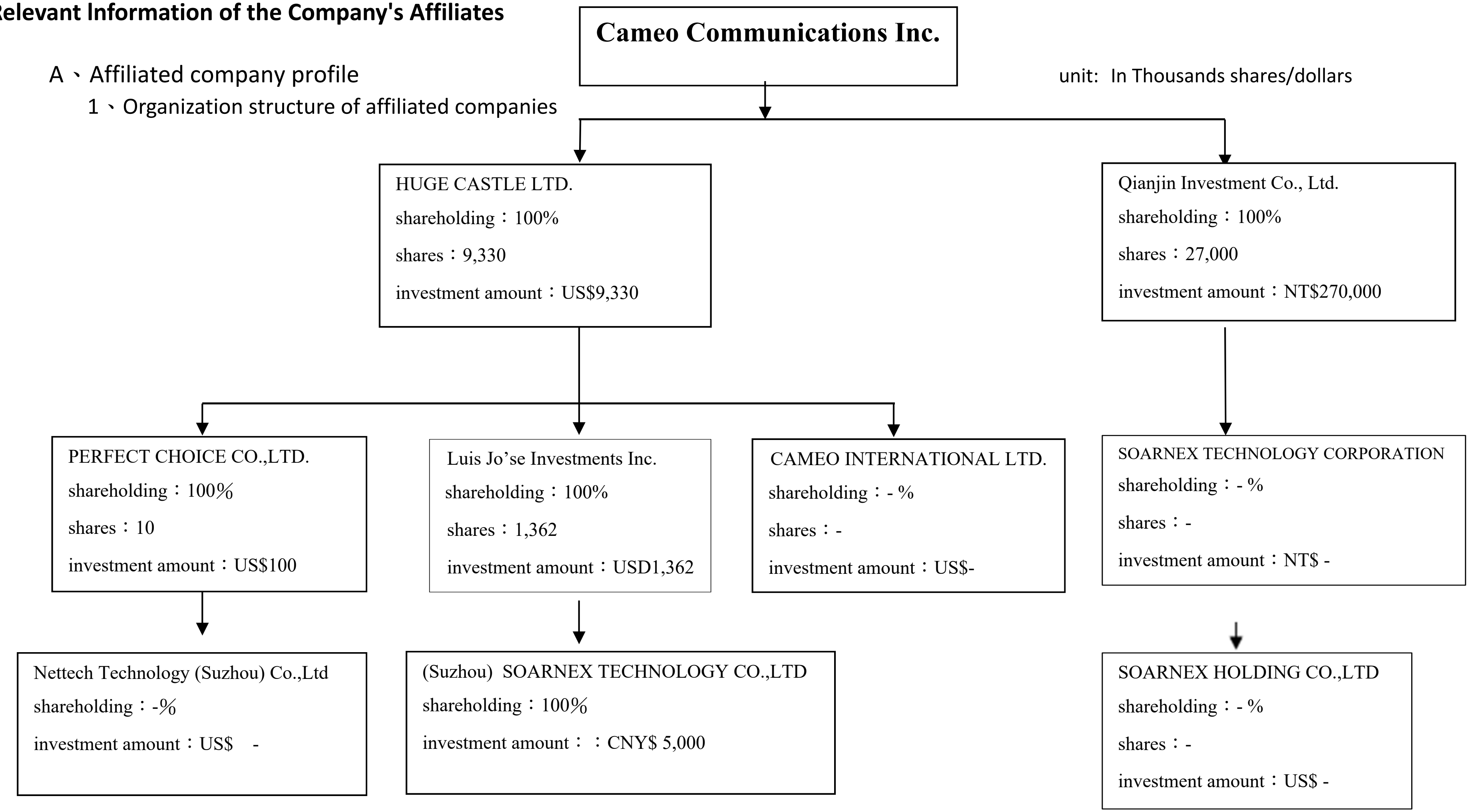
Chapter 8 Special Disclosure

I.Relevant Information of the Company's Affiliates

A、Affiliated company profile

1、Organization structure of affiliated companies

unit: In Thousands shares/dollars



2、Basic Information of affiliated companies

Unit: NT$ Thousands 2023/12/31

Name	Date of incorporation	Address	Actual paid-in capital	Primary business
Qianjin Investment Co., Ltd.	2008.02.18	5F., No. 158, Ruihu St., Neihu Dist., Taipei City 114, Taiwan	270,000	Investment holding
HUGE CASTLE LTD.	2006.07.05	Maystar Chambers, P.O.Box 3269t, Apia, Samoa	295,006	Investment holding
CAMEO INTERNATIONAL LTD.	2011.03.18	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	- (Note4)	Import and export trade
Cameo Technology Development (Shenzhen) Co., Ltd.	2002.08.21	West side,10F ,High-tech Industrial Development Park, Nanshan District, Shenzhen,China	- (Note1)	R&D for communicatio ns technology and products
PERFECT CHOICE CO.,LTD.	2001.01.03	Level3,Alexander House,35 Cybercity,Ebene,Mauritius	(16,261) (Note7)	Investment holding and trading
Nettech Technology (Suzhou) Co.,Ltd	2002.03.18	Room 713, Building 3, Yangcheng Lake International Science and Technology Pioneer Park, 116 Chengyang Road	- (Note5)	Production, processing, and sale of electronic communications equipment
Luis Jo'se Investment Inc.	2001.01.12	Coastal Building, Wickham's Cay II,P.O Box 2221,Road Town, Tortola , British Virgin Islands.	43,673	Investment holding
Wide View Technology Inc.	2004.01.09	The Second Floor of 3 Parts, NO1. Building,No.79,Aona Road,Pilot Free Trade Zone,Shanghai, China	- (Note2)	production, and sale of electronic components
SOARNEX TECHNOLOGY CORPORATION	2014.09.25	5F., No. 158, Ruihu St., Neihu Dist., Taipei City 114, Taiwan	- (Note3)	International trade
SOARNEX HOLDING CO.,LTD	2015.03.31	TMF Chambers, P.O. Box 3269,Apia,Samoa	- (Note6)	Investment holding
(Suzhou) SOARNEX TECHNOLOGY CO.,LTD	2017.4.12	Room 706-707, 711-712,713, Building 3, Yangcheng Lake International Science and Technology Pioneer Park, 116 Chengyang Road	22,064	Software development and software services for computer information systems

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

4、Directors, supervisors, and presidents of affiliates

Unit: shares/dollars Dec 31, 2023

Name	Title	Name or representative	Shareholding	
			Shares	Percentage (%)
Qianjin Investment Co., Ltd.	Director	Allen Cheng	Cameo Communications Inc Contribution 27,000,000 shares	100%
HUGE CASTLE LTD.	Director	Allen Cheng	Cameo Communications Inc Contribution USD 9,329,718	100%
CAMEO INTERNATIONAL LTD.	(Liquidated)	(Liquidated)	(Liquidated)	(Liquidated)
PERFECT CHOICE CO.,LTD.	Director	Allen Cheng	HUGE CASTLE LTD. Contribution USD 10,000	100%
Nettech Technology (Suzhou) Co.,Ltd	(Liquidated)	(Liquidated)	(Liquidated)	(Liquidated)
Luis Jo’se Investment Inc.	Director	Allen Cheng	HUGE CASTLE LTD. Contribution USD 1,362,680	100%
SOARNEX TECHNOLOGY CORPORATION	(Liquidated)	(Liquidated)	(Liquidated)	(Liquidated)
SOARNEX HOLDING CO.,LTD	(Liquidated)	(Liquidated)	(Liquidated)	(Liquidated)
(Suzhou) SOARNEX TECHNOLOGY CO.,LTD	Director president	Allen Cheng	Luis Jo’se Investment Inc. Contribution RMB 5,000,000	100%

5、Business operation profile：

(In Thousands of New Taiwan Dollars)

Name	Capital	Total Asssets	Total Liabilities	Net Value	Operating Revenue	Operating Profit	Net Income (after tax)	EPS
Qianjin Investment Co., Ltd.	270,000	150,315	60	150,255	0	(111)	1,348	0.05
CAMEO INTERNATIONAL LTD.	(Note4)	(Note4)	(Note4)	(Note4)	0	1	(1)	(Note4)
Cameo Technology Development (Shenzhen) Co., Ltd.	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)
Perfect Choice Co.,Ltd	(16,261)	145,795	299	145,496	0	(941)	(23,566)	(2356.60)
Nettech Technology (Suzhou) Co.,Ltd	(Note5)	(Note5)	(Note5)	(Note5)	0	(12,165)	(9,916)	(Note5)
HUGE CASTLE LIMITED	295,006	302,954	4,058	298,896	0	(122)	(24,431)	(2.62)
Luis Jo'se Investments Inc.	43,763	43,296	5	43,291	0	(136)	1,749	1.28
Wide View Technology Inc.	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)
SOARNEX TECHNOLOGY CORPORATION	(Note3)	(Note3)	(Note3)	(Note3)	0	(15)	(13)	(Note3)
(Suzhou) SOARNEX TECHNOLOGY CO.,LTD	22,064	30,417	5,280	25,137	38,618	(2,569)	1,003	-

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

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

Note3: SOARNEX TECHNOLOGY CORPORATION was dissolved by a resolution of the board of directors on August 9, 2022, and obtained the approval letter of the Taipei City Government on August 15, 2022, and has begun the liquidation procedure. The liquidation procedure was completed on April 24, 2023.

Note4: CAMEO International Ltd. has been liquidated and cancelled by a resolution of the board of directors in January 2023. The liquidation procedure was completed on March 9, 2023 and remitted the liquidation surplus to Huge Castle Ltd.

Note 5: NETTECH TECHNOLOGY (SUZHOU) CO., LTD has been liquidated and cancelled by a resolution of the board of directors in November 2022, and the liquidation procedure has completed on August 31,2023.As of December 31, 2023, the original investment amount of NETTECH

TECHNOLOGY (SUZHOU) CO., LTD has been fully remitted to Parent Company.

Note6: Soarnex Holding Co., Ltd. was automatically deregistered in 2020 because was not pay the annual fee. And the parent company, SOARNEX TECHNOLOGY CORPORATION completed its liquidation on April 24, 2023.

Note7: Due to the large difference between the original investment exchange rate and the base date of the capital reduction, the original investment amount of Perfect Choice Co., Ltd. was negative in the original currency of US$100 thousand.

II.Consolidated financial statements of affiliated companies：Please refers to page 168 to 233.

Representation Letter

The entities that are required to be included in the combined financial statements of Cameo Communications, Inc. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Cameo Communications, Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Cameo Communications, Inc.
Chairman: Jeff Wu
Date: February 26, 2024

III. The relation report：N/A。

II. Private Placement Securities in the Most Recent Years：

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

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

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

IV. Other supplementary matters: None.

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

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Cameo Communications, Inc.("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

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

   Description of key audit matter:

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

   How the matter was addressed in our audit:

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

2. Valuation of inventories

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

   Description of key audit matter:

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

   How the matter was addressed in our audit:

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yiu-Kwan Au and Szu-Chuan Chien.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2024

(English Translation of Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,081,550	25	867,449	16
1170	Trade receivables, net (notes 6(c) and 6(q))	137,334	3	520,844	9
1180	Trade receivables due from related parties, net (notes 6(c), 6(q) and 7)	110,554	3	553,173	9
1200	Other receivables (note 6(d))	6,036	-	38,259	1
1210	Other receivables due from related parties (notes 6(d) and 7)	7,832	-	1,889	-
1220	Current tax assets	1,225	-	543	-
1310	Inventories, net (note 6(e))	606,526	14	1,211,345	22
1476	Other financial assets (note 6(a))	300,000	7	-	-
1470	Other current assets	17,640	-	40,655	1
		2,268,697	52	3,234,157	58
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	127,050	3	-	-
1550	Investments accounted for using equity method (note 6(f))	449,087	11	686,872	12
1600	Property, plant and equipment (notes 6(g) and 8)	1,359,493	31	1,448,451	26
1755	Right-of-use assets (note 6(h))	52,194	1	71,971	1
1780	Intangible assets (note 6(i))	10,436	-	11,647	-
1840	Deferred tax assets (note 6(n))	32,055	1	49,086	1
1975	Net defined benefit assets, non-current (note 6(m))	36,441	1	35,732	1
1990	Other non-current assets (notes 6(a) and 8)	5,253	-	32,549	1
		2,072,009	48	2,336,308	42
	Total assets	**$ 4,340,706**	**100**	**5,570,465**	**100**

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2170	Trade payables	$ 191,323	5	1,085,403	19
2180	Trade payables to related parties (note 7)	5,788	-	-	-
2200	Other payables	88,543	2	157,136	3
2220	Other payables to related parties (note 7)	92,205	2	38,000	1
2250	Current provisions (note 6(l))	5,905	-	5,810	-
2280	Current lease liabilities (note 6(k))	20,011	-	19,587	-
2305	Other current liabilities	70,729	2	41,637	1
2320	Long-term borrowings, current portion (note 6(j) and 8)	122,151	3	114,151	2
		596,655	14	1,461,724	26
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(j) and 8)	528,881	11	773,184	14
2570	Deferred tax liabilities (note 6(n))	32,055	1	48,086	1
2580	Non-current lease liabilities (note 6(k))	32,401	1	52,513	1
		593,337	13	874,783	16
	Total liabilities	1,189,992	27	2,336,507	42
	Equity capital (note 6(o)):				
3110	Ordinary shares	3,307,792	76	3,307,792	59
3300	Retained earnings	(26,640)	-	85,042	2
3400	Other equity	(132,438)	(3)	(158,876)	(3)
	Total equity	3,150,714	73	3,233,958	58
	Total liabilities and equity	**$ 4,340,706**	**100**	**5,570,465**	**100**

(English Translation of Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (notes 6(q) and 7)	$ 2,539,354	100	3,376,432	100
5000	Operating costs (notes 6(e), 7 and 12)	2,366,259	93	3,088,894	91
5900	**Gross profit**	173,295	7	287,538	9
6000	**Operating expenses (notes 6(m), 7 and 12):**				
6100	Selling expenses	65,063	3	84,536	3
6200	Administrative expenses	84,684	3	85,079	3
6300	Research and development expenses	148,394	6	144,370	4
	Total operating expenses	298,141	12	313,985	10
6900	**Net operating loss**	(124,846)	(5)	(26,447)	(1)
7000	**Non-operating income and expenses (notes 6(b), 6(f), 6(g), 6(h), 6(k) and 7):**				
7050	Finance costs	(16,111)	-	(17,348)	(1)
7100	Interest income	12,596	-	5,504	-
7190	Other income	19,889	1	17,178	1
7210	(Losses) Gains on disposals of property, plant and equipment	(504)	-	42,173	1
7230	Foreign exchange gains	10,548	-	52,553	2
7235	Gains on financial assets (liabilities) at fair value through profit or loss	86,269	4	228	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(22,083)	(1)	22,128	1
7228	Profit from lease modification	289	-	514	-
7590	Other loss	(2,063)	-	(1,446)	-
		87,830	4	121,484	4
7900	**Profit (loss) from continuing operations before tax**	(37,016)	(1)	95,037	3
7950	Less: Income tax expenses (note 6(n))	144	-	64	-
	Profit (loss)	(37,160)	(1)	94,973	3
8300	**Other comprehensive income(loss):**				
8310	**Items that may not be reclassified to profit or loss (notes 6(m))**				
8311	Gains on remeasurements of defined benefit plans	249	-	9,858	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that may not be reclassified to profit or loss	27,714	1	(22,551)	(1)
8349	Income tax related to items that may not be reclassified to profit or loss	-	-	-	-
	Total items that may not be reclassified to profit or loss	27,693	1	(12,693)	(1)
8360	**Items that may be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(1,276)	-	21,327	1
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified to profit or loss	(1,276)	-	21,327	1
8300	**Total other comprehensive income**	26,687	1	8,634	-
8500	**Total comprehensive income**	**$ (10,473)**	**-**	**103,607**	**3**
	Basic earnings per share (note 6(p))				
9750	Basic earnings per share	**$ (0.11)**		**0.29**	
9850	Diluted earnings per share	**$ (0.11)**		**0.29**	

(English Translation of Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
		Retained earnings				Other equity			
	Ordinary shares	Legal reserve	Special reserve	Accumulated deficits	Retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Total equity
Balance at January 1, 2022	$ 3,307,792	-	-	(19,789)	(19,789)	(61,702)	(95,950)	(157,652)	3,130,351
Profit for the year ended December 31, 2022	-	-	-	94,973	94,973	-	-	-	94,973
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	9,858	9,858	21,327	(22,551)	(1,224)	8,634
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	104,831	104,831	21,327	(22,551)	(1,224)	103,607
Balance at December 31, 2022	3,307,792	-	-	85,042	85,042	(40,375)	(118,501)	(158,876)	3,233,958
Appropriation and distribution of retained earnings:									
Legal reserve appropriated		8,504		(8,504)					
Special reserve appropriated			1,224	(1,224)					
Cash dividends of ordinary share	-	-	-	(72,771)	(72,771)	-	-	-	(72,771)
	-	8,504	1,224	(82,499)	(72,771)	-	-	-	(72,771)
Loss for the year ended December 31, 2023				(37,160)	(37,160)				(37,160)
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	249	249	(1,276)	27,714	26,438	26,687
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	(36,911)	(36,911)	(1,276)	27,714	26,438	(10,473)
Balance at December 31, 2023	**$ 3,307,792**	**8,504**	**1,224**	**(34,368)**	**(24,640)**	**(41,651)**	**(90,787)**	**(132,438)**	**3,150,714**

(English Translation of Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit (loss) before tax	$ (37,016)	95,037
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	128,388	132,402
Amortization expense	3,468	6,690
Net profit (loss) on financial assets or liabilities at fair value through profit or loss	(86,269)	(228)
Interest expense	16,111	17,348
Interest income	(12,596)	(5,504)
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	23,083	(22,128)
(Loss\ gain from disposal of property, plant and equipment	504	(42,173)
Others	(4,915)	(560)
Total adjustments to reconcile profit (loss)	67,774	85,847
Changes in operating assets and liabilities:		
Decrease (increase) in notes and trade receivables	383,510	(238,986)
Decrease (increase) in trade receivables due from related parties	442,619	(375,561)
Decrease (increase) in other receivables	27,264	(10,495)
Decrease (increase) in inventories	604,819	(336,230)
(Increase) decrease in net defined benefit assets	(460)	606
Decrease in other operating assets	23,015	25,637
Total changes in operating assets	1,480,767	(935,029)
(Decrease) increase in trade payables	(894,080)	566,604
Increase in trade payables to related parties	5,788	-
(Decrease) increase in other payables	(68,477)	12,420
Increase (decrease) in other operating liabilities	29,187	(4,021)
Total changes in operating liabilities	(927,582)	575,003
Total changes in operating assets and liabilities, net	553,185	(360,026)
Total adjustments	620,959	(274,179)
Cash outflow generated from operations	583,943	(179,142)
Interest received	11,612	5,279
Dividends received	20,207	271,678
Interest paid	(16,227)	(17,211)
Income taxes paid	(826)	(208)
Net cash flows from operating activities	598,709	80,396
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(36,000)	-
Acquisition of property, plant and equipment	(19,918)	(7,533)
Proceeds from disposal of property, plant and equipment	125	69,224
Increase in refundable deposits	192	994
Acquisition of intangible assets	(2,257)	(1,087)
(Increase) decrease in other financial assets	(278,534)	8,533
Decrease (increase) in other non-current assets	5,638	(5,638)
Proceeds from capital reduction of investments accounted for using equity method	220,946	646,555
Net cash flows (used in) from investing activities	(109,808)	711,048
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	-	(92,340)
Proceeds from long-term borrowings	-	44,547
Repayments of long term borrowings	(236,303)	(109,665)
Decrease in other non-current liabilities	-	(240)
Decrease (increase) in other payables to related parties	54,205	(6,597)
Payment of lease liabilities	(19,931)	(22,175)
Cash dividends paid	(72,771)	-
Net cash flows used in financing activities	(274,800)	(186,470)
Net increase in cash and cash equivalents	214,101	604,974
Cash and cash equivalents at beginning of period	867,449	262,475
Cash and cash equivalents at end of period	$ 1,081,550	867,449

(1) Company history

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

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

The financial statements were authorized for issue by the Board of Directors on February 26, 2024.

(3) New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material accounting policies:

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

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

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

(ii) Functional and presentation currency

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

(c) Foreign currencies

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

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

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

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

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

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

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

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

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

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

An entity shall classify a liability as current when:

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

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

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

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

(e) Cash and cash equivalents

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

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

(f) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

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

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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

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

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

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

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

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

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

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(g) Inventories

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

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

(h) Investment in subsidiaries

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

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

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

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

(j) Lease

(i) As a leasee

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

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

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

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

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

— payments for purchase or termination options that are reasonably certain to be exercised.

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

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Company' s estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

— there is any lease modifications

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

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

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

(k) Intangible assets

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

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

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

(l) Impairment of non-financial assets

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

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

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

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

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

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

(m) Provisions

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

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

(n) Revenue from contracts with customers

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

(i) Sale of goods

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

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

(ii) Financing components

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

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Termination benefits

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

(iv) Short-term employee benefits

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

(p) Income tax

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

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

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

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

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

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

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

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

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

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

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

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

1) the same taxable entity; or

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

(q) Earnings per share

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

(r) Operating segments

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

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

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

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

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

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

(a) Valuation of inventories

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Foreign currencies on hand and petty cash	$ 618	1,179
Check and demand deposits	489,132	299,146
Time deposits	591,800	517,124
Cash equivalents	-	50,000
	$ 1,081,550	867,449

As of December 31, 2023 and 2022, the Company’ s restricted time deposits recognized as other non-current assets amounted to $0 and $21,466, respectively. Please refer to Note 8 for details.

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

As of December 31, 2023 and 2022, the Company‘s time deposits more than three months recognized as other financial assets - current amounted to $300,000 and $0, respectively.

(b) Non-current financial assets at fair value through profit or loss

Details on Non-current financial assets at fair value through profit or loss were as follows:

		December 31, 2023	December 31, 2022
Private stock shares of domestic company	$	127,050	-

On December 4, 2023, the Company participated in the private placement of 5,000 ordinary shares of ENSURE GLOBAL CORP., LTD. with a par value of $7.2 per share, with an investment cost of 36,000, and the private placement of ordinary shares shall not be sold on its own in accordance with the provisions of the Securities and Exchange Act within three years from January 19, 2024, on the date of delivery to January 18, 2027, except for the transfer in accordance with Article 43-8 of the Securities and Exchange Act.

The Company's gains on financial assets at fair value through profit or loss was 91,050 in 2023.
Please refer to note 6(t) for exposures to credit risk and currency risk.
The aforementioned financial assets were not pledged as collateral for the year ended December 31, 2023.

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

		December 31, 2023	December 31, 2022
Trade receivables－measured at amortized cost	$	137,359	1,052,883
Trade receivables－fair value through other comprehensive		110,529	21,134
income		247,888	1,074,532
Less: loss allowance		-	-
Notes and trade receivables, net	$	247,888	1,074,017

The Company has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

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

	December 31, 2023			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	246,672	0%	-
1~30 days past due		1,216	0%	-
	$	247,888		-

	December 31, 2022			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	1,070,438	0%	-
1~30 days past due		250	0%	-
31~60 days past due		13	0%	-
61~90 days past due		613	0%	-
91~180 days past due		2,703	0%	-
	$	1,074,017		-

As of December 31, 2023, the Company enter into trade receivable factoring agreements with banks. Under the agreements, within the limit of the Company's credit facilities, it does need to guarantee the debtor's solvency at the time when the claim is transferred and when the obligations are due. Upon the sale of trade receivables, the Company will be advanced an agreed percentage, and pay interest calculated based on the interest rates agreed for the period through the collection of the accounts receivable. The remaining amounts are received upon the collection of the trade receivables and recorded as other receivables.

The movement in the trade receivables were remained unchanged.

The aforementioned financial assets were not pledged as collateral.

(d) Other receivables (including related parties)

		December 31, 2023	December 31, 2022
Other receivables	$	27,421	53,701
Less: loss allowance		(13,553)	(13,553)
	$	13,868	40,148

The movement in the allowance for other receivables were remained unchanged.

(e) Inventories

		December 31, 2023	December 31, 2022
Raw materials	$	479,185	701,363
Work in progress and semi-finished goods		78,829	360,593
Finished goods		48,512	149,389
	$	606,526	1,211,345

(i) Operating cost:

		2023	2022
Sale of inventories	$	2,149,579	2,929,301
Write-down of inventories		(16,918)	47,207
Loss on disposal of inventory		26,329	3,421
Loss (gain) on physical inventory		4	21
Unallocated production overheads		207,065	108,944
	$	2,366,059	3,088,894

(ii) The net realization value of inventory was lower than the cost due to the sale and disposal of inventory write-downs on 2023, resulting in a rollover to loss allowance.

(iii) As of December 31, 2023 and 2022, the Company did not provide any inventories as collateral for its loans.

(f) Investment accounted for using equity method

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

		December 31, 2023	December 31, 2022
Subsidiaries	$	449,087	686,872

(i) Subsidiaries please refer to consolidated financial statements for the year ended December 31, 2023.

(ii) The share of loss of subsidiaries accounted for using equity method amounted ($23,083) and $22,128 for the years ended December 31, 2023 and 2022, respectively.

(iii) NETTECH TECHNOLOGY (SUZHOU) CO., LTD has been liquidated and cancelled by a resolution of the board of directors in November 2022, and the liquidation procedure has completed on August 31, 2023. And reduced its capital and the payment for shares of US$2,678 and US$25,000 thousand in 2022 and 2023, respectively. A resolution was passed in Perfect Choice Co., Ltd.'s meeting of board of Director on October 6 2023 and April 29 2022, and reduced its capital and the payment for shares of US$4,900 and US$22,000 thousand, with reduction ratios of 98% and 81.48%. The base date of the capital reduction was November 13 2023 and April 29, 2022, was repaid to Huge Castle Ltd. on December 20, 2023 and June 22, 2022. A resolution was passed in Huge Castle Ltd's meeting of board of Director on November 7 2023 and March 16 2022, and reduced its capital and the payment for shares of US$7,068 and US$22,000 thousand, with reduction ratios of 43.10% and 57.30%. The base date of the capital reduction was November 30 2023 and June 8, 2022, was repaid to the Company on December 20, 2023 and June 23, 2022.

(iv) NETTECH TECHNOLOGY (SUZHOU) CO., LTD handled the repatriation of a surplus of US$8,240 and US$13,219 thousand to Perfect Choice Co., Ltd. for the years ended December 31, 2023 and 2022; Perfect Choice Co., Ltd. repatriated a surplus of US$2,862 and US$13,057 to Huge Castle Ltd. for the years ended December 31, 2023 and 2022 ;Huge Castle Ltd. remitted a surplus of $20,207 thousand (US$643 thousand) and $271,678 thousand (US$9,003 thousand) to the Company for the years ended December 31, 2023 and 2022, respectively.

(v) As of December 31, 2023 and 2022, the Company did not provide any investment accounted for using the equity method as collateral for its loans.

(g) Property, plant and equipment

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

	Land	Buildings and construction	Machinery and equipment	Molding equipment	Office and other facilities	Lease improvements	Total
Cost or deemed cost:							
Balance at January 1, 2023	$ 346,639	1,131,005	519,917	5,017	64,225	23,921	2,090,724
Additions	-	-	19,038	407	473	-	19,918
Disposal and derecognition	-	(3,377)	(3,902)	-	-	-	(7,279)
Transferred into (out)	-	-	(51)	(277)	-	-	(328)
Balance at December 31, 2023	**$ 346,639**	**1,127,628**	**535,002**	**5,147**	**64,698**	**23,921**	**2,103,035**
Balance at January 1, 2022	$ 362,839	1,149,521	591,445	4,896	64,578	23,921	2,193,200
Additions	-	3,920	2,610	121	481	-	7,132
Disposal and derecognition	(16,200)	(22,436)	(74,103)	-	(834)	-	(113,573)
Transferred into (out)	-	-	(35)	-	-	-	(35)
Balance at December 31, 2022	**$ 346,639**	**1,131,005**	**519,917**	**5,017**	**64,225**	**23,921**	**2,090,724**
Depreciation and impairments loss:							
Balance at January 1, 2023	$ -	151,278	409,886	3,033	54,155	23,921	642,273
Depreciation	-	37,977	64,384	783	5,935	-	108,079
Disposal and derecognition	-	(3,377)	(3,273)	-	-	-	(6,650)
Transferred into (out)	-	-	-	(160)	-	-	(160)
Balance at December 31, 2023	**$ -**	**185,878**	**469,997**	**3,656**	**60,090**	**23,921**	**743,542**
Balance at January 1, 2022	$ -	125,026	419,766	2,063	48,246	23,917	619,018
Depreciation	-	37,837	64,223	970	6,743	4	109,777
Disposal and derecognition	-	(11,585)	(74,103)	-	(834)	-	(86,522)
Balance at December 31, 2022	**$ -**	**151,278**	**409,886**	**3,033**	**54,155**	**23,921**	**642,273**
Carrying amount:							
Balance at December 31, 2023	**$ 346,639**	**941,750**	**65,005**	**1,491**	**4,608**	**-**	**1,359,493**
Balance at December 31, 2022	**$ 346,639**	**979,727**	**110,031**	**1,984**	**10,070**	**-**	**1,448,451**
Balance at January 1, 2022	**$ 362,839**	**1,024,495**	**171,679**	**2,833**	**16,332**	**4**	**1,578,182**

(i) The Company sold the Xizhi plant to a non-related parties on April 26,2022 , and completed the transfer registration and point delivery, with a total transaction amount of 69,224 (after deducting relevant expenses), and gains on disposals of property, plant and equipment was 42,173, and the payment had been received as of December 31,2022.

(ii) The Company, pursuant to IAS 36 – Impairment of Assets, conducted an impairment assessment on the reporting date, and after assessment of no signs of impairment, there is no need to perform impairment test in 2023 and 2022.

(iii) As of December 31, 2023 and 2022, the property, plant, and equipment of the Company had been pledged as collateral for long term borrowings; Please refer to Note 8.

(h) Right-of-use assets

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

		Buildings and construction	Transportation equipment	Total
Cost:				
Balance at January 1, 2023	$	101,147	1,309	102,456
Increase		1,204	-	1,204
Decrease		(672)	-	(672)
Balance at December 31, 2023	$	101,679	1,309	102,988
Balance at January 1, 2022	$	117,891	-	117,891
Increase		-	1,309	1,309
Decrease		(16,744)	-	(16,744)
Balance at December 31, 2022	$	101,147	1,309	102,456
Accumulated depreciation and impairment losses:				
Balance at January 1, 2023	$	30,049	436	30,485
Depreciation		19,873	436	20,309
Balance at December 31, 2023	$	49,922	872	50,794
Balance at January 1, 2022	$	7,860	-	7,860
Depreciation		22,189	436	22,625
Balance at December 31, 2022	$	30,049	436	30,485
Carrying amount:				
Balance at December 31, 2023	$	51,757	437	52,194
Balance at December 31, 2022	$	71,098	873	71,971
Balance at January 1, 2022	$	110,031	-	110,031

(ii) The Company adjusted the leasing scope of the original parking spaces from August 1, 2023, resulting in a decrease in the right-of-use assets and lease liabilities, generating a benefit of 289, and the account showed the lease modification benefit under the comprehensive profit and loss statement.

(iii) The original leased building of the Company was used as an office to adjust the scope of lease from September 1, 2022, resulting in a reduction in right-of-use assets and lease liabilities, resulting in a profit of 514, and the account showed the lease modification benefit under the comprehensive profit and loss statement.

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2023 and 2022, were as follows:

		Patent	Computer software and others	Total
Cost:				
Balance at January 1, 2023	$	6,023	177,313	183,336
Additions		421	1,836	2,257
Derecognition		(282)	-	(282)
Balance at December 31, 2023	$	6,162	179,149	185,311
Balance at January 1, 2022	$	5,290	184,136	189,426
Additions		733	354	1,087
Derecognition		-	(7,177)	(7,177)
Balance at December 31, 2022	$	6,023	177,313	183,336
Amortization:				
Balance at January 1, 2023	$	5,269	166,420	171,689
Amortization		642	2,826	3,468
Derecognition		(282)	-	(282)
Balance at December 31, 2023	$	5,629	169,246	174,875
Balance at January 1, 2022	$	4,645	167,531	172,176
Amortization		624	6,066	6,690
Derecognition		-	(7,177)	(7,177)
Balance at December 31, 2022	$	5,269	166,420	171,689
Carrying amount:				
Balance at December 31, 2023	$	533	9,903	10,436
Balance at December 31, 2022	$	754	10,893	11,647
Balance at January 1, 2022	$	645	16,605	17,250

(i) The amortization of intangible assets for the year ended December 31, 2023 and 2022, are included in the consolidated statement of comprehensive income:

		2023	2022
Operating Cost	$	67	1,943
Operating Expenses		3,401	4,747

(ii) As of December 31, 2023 and 2022, none of the Company's intangible assets was pledged as collateral.

(j) Long-term borrowings

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

	December 31, 2023			
	Currency	**Range of interest rates**	**Maturity year**	**Amount**
Secured loans	NTD	1.35%~2.11%	June 2025~ May 2033	$ 651,032
Less: current portion				(122,151)
Total				$ 528,881
Unused credit lines				$ 97,000

	December 31, 2022			
	Currency	**Range of interest rates**	**Maturity year**	**Amount**
Secured loans	NTD	1.225%~1.985%	May 2023~ February 2035	$ 887,335
Less: current portion				(114,151)
Total				$ 773,184
Unused credit lines				$ 97,000

(i) A repayment of $236,303 has been made in 2023 (due and partial early repayment).

(ii) The proceeds from loan-term borrowings for 2022 was $44,547; and a repayment of $109,665 has been made.

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

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

(k) Lease liabilities

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

	December 31, 2023	**December 31, 2022**
Current	$ 20,011	19,587
Non-current	$ 32,401	52,513

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

The amounts recognized in profit or loss were as follow:

	2023	**2022**
Interest expense on lease liabilities	$ 893	1,008
Expenses relating to short-term leases	$ 652	1,016
Cost of low-value leased assets	$ 405	379

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

		2023	2022
Total cash outflow for leases	$	21,881	24,578

(i) Real estate leases

The Company leases land and buildings for its plant and office space. The leases of office space typically run for 2~5 years, respectively. Some leases included an option to renew the lease for an additional period of the same duration at the end of the lease term.

(ii) Other leases

The Company leased transportation equipment with leased terms of three years.

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

(l) Provisions

		Warranty
Balance at January 1, 2023	$	5,810
Increase in provision for the current period		95
Balance at December 31, 2023	$	5,905
Balance at January 1, 2022	$	4,808
Increase in provision for the current period		1,002
Balance at December 31, 2022	$	5,810

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

(m) Employee benefits

(i) Defined benefit plans

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

		December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$	3,373	4,112
Fair value of plan assets		(39,814)	(39,844)
Net defined benefit liabilities (Assets)	$	(36,441)	(35,732)

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

1) Composition of plan assets

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

The Company’ s Bank of Taiwan labor pension reserve account balance amounted to $39,814 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Defined benefit obligations at January 1	$	4,112	38,954
Current service cost and interest cost		136	322
Actuarial (gain) loss arising from financial assumptions		124	(4,007)
Gains on liquidation		-	690
Liquidation of extinction liabilities		-	(29,513)
Benefits paid		(999)	(2,334)
Defined benefit obligations at December 31	$	3,373	4,112

3) Movements in the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Fair value of plan assets at January 1	$	39,844	65,434
Interest income		596	406
Remeasurements of net defined benefit assets			
-Return on plan assets (excluding current interest)		373	5,851
Liquidation		-	(29,513)
Benefits paid		(999)	(2,334)
Fair value of plan assets at December 31	$	39,814	39,844

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Current service cost	$	76	81
Net interest of net assets for defined benefit assets		(536)	(165)
Liquidation of profit		-	690
	$	(460)	606
Direct labor	$	-	230
Operating cost		-	91
Selling expense		-	67
Administrative expenses		-	61
Research and development expenses		(460)	157
	$	(460)	606

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

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

		2023	2022
Cumulative amount at January 1	$	28,093	18,235
Recognized in current period		249	9,858
Cumulative amount at December 31	$	28,342	28,093

6) Actuarial assumptions

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

	December 31, 2023	December 31, 2022
Discount rate	1.375%	1.500%
Future salary increase rate	2.000%	2.000%

The Company has suspended the allocation of its retirement reserve from September 2023 to August 2024, with the approval from the Department of Labor, Taipei City Government.

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

The weighted-average duration of the defined benefit plan is 8.63 years.

7) Sensitivity analysis

As of December 31, 2023 and 2022, the changes in main actuarial assumptions might have the following impact on the present value of the defined benefit obligation:

	Influences of defined benefit obligations	
	Increase 0.25%	**Decrease 0.25%**
December 31, 2023		
Discount rate	$ (69)	72
Future salary increasing rate	69	(67)
December 31, 2022		
Discount rate	$ (89)	91
Future salary increasing rate	87	(86)

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

(ii) Defined contribution plans

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

The Company's pension costs under the defined contribution method amounted to $16,029 and $15,636 for the years ended December 31, 2023 and 2022, respectively. Payment to the Bureau of Labor Insurance has been made.

(n) Income taxes

(i) Income tax expense

1) The components of income tax expense for the years ended December 31, 2023 and 2022 were as follows:

	2023	**2022**
Current tax expense	$ 144	64
Deferred tax expense	-	-
Income tax expense	$ 144	64

2) The Company's income tax expense reconciled between the actual income tax expense and net loss before tax for the years ended December 31, 2023 and 2022, was as follows:

		2023	2022
Net loss before tax	$	(37,160)	95,037
Income tax using the Company's domestic tax rate		(7,403)	19,007
Tax-exempt income		(270)	(333)
Changes in unrecognized temporary differences		1,664	8,858
Changes in previously unrecognized tax losses		(6,233)	(36,724)
Dividend revenue from foreign		4,042	-
Other		8,344	9,256
	$	**144**	**64**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities: None.

2) Unrecognized deferred tax assets

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

		December 31, 2023	December 31, 2022
Deductible temporary difference	$	35,973	34,309
The carryforward of unused tax losses		156,301	162,534
	$	**192,274**	**196,843**

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

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

As of December 31, 2023, the unused loss carryforwards and the respective expiry years were as follows:

Year of loss	Amount of loss	Deductible balance	Expiry year
2019	287,609 (amount approved)	285,012	2029
2020	283,079 (amount approved)	283,079	2030
2021	276,846 (amount approved)	276,846	2031
2023	96,845 (amount recognized)	96,845	2033
	$ 944,379	941,782	

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred Tax Assets:	**The carryforward of unused tax losses**
Balance at January 1, 2023	$ 49,086
Recognized in profit or loss	(17,031)
Balance at December 31, 2023	**$ 32,055**
Balance at January 1, 2022	$ 44,994
Recognized in profit or loss	4,092
Balance at December 31, 2022	**$ 49,086**

Deferred Tax Liabilities:	**Investments accounted for using equity method**
Balance at January 1, 2023	$ 49,086
Recognized in profit or loss	(17,031)
Balance at December 31, 2023	**$ 32,055**
Balance at January 1, 2022	$ 44,994
Recognized in profit or loss	4,092
Balance at December 31, 2022	**$ 49,086**

(iii) The Company’ s tax returns for the years through 2021 have been examined and approved by tax authorities.

(o) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the Company’ s authorized share capital amounted to $4,000,000, divided into 400,000 thousand shares, with a par value of $10 per share.

The aggregate amount of the aforesaid approved share capital comprised only ordinary shares, and $200,000 thereof was retained for the execution of employee stock options, divided into 20,000 thousand shares with a par value of $10 per share. As of December 31, 2023 and 2022, the Company has issued 330,780 thousand shares and 330,780 thousand shares, respectively, all of which have been paid up upon issuance.

(ii) Capital surplus

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

(iii) Retained earnings

1) Legal reserve

According to the R.O.C. Company Act, 10 percent of the net profit shall be allocated as legal reserve until the accumulated legal reserve equals the paid-in capital. When a company incurs no loss and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may, pursuant to a resolution reached in a shareholders’ meeting, be used to increase the common stock or be distributed as cash dividends.

2) Special reserve

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

3) Distribution of earnings and dividend policy

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

On May 31, 2023, the Company's Board of Directors resolved to appropriate the 2022 earnings. These earnings were appropriated as follows:

	2022	
	Amount per share	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	**$ 0.22**	**72,771**

The Company incurred loss in the years ended December 31, 2023, hence there was no distributable earning. The related information mentioned above can be found on websites such as the Market Observation Post System.

(p) Earnings (loss) per share

(i) Basic earnings per share

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

	2023	2022
Basic earnings (loss) per share (in New Taiwan Dollars)		
Net profit (loss) attributable to ordinary shareholders of the Company	**$ (37,160)**	**94,973**
Weighted-average number of ordinary shares outstanding (in thousand shares)	**330,780**	**330,780**
Basic earnings (loss) per share (in New Taiwan Dollars)	**$ (0.11)**	**0.29**

(ii) Diluted earnings per share

	2023	2022
Basic earnings (loss) per share (in New Taiwan Dollars)		
Net profit attributable to ordinary shareholders of the Company	**$ (37,160)**	**94,973**
Weighted-average number of ordinary shares outstanding (in thousand shares)	**330,780**	**330,780**
Effect of dilutive potential ordinary shares		
employees' bonuses	**-**	**231**
Weighted average number of ordinary shares outstanding (in thousand shares)	**330,780**	**331,011**
Diluted earnings per share (in New Taiwan Dollars)	**$ (0.11)**	**0.29**

During 2023, the Company was not impacted by the effects of dilutive potential ordinary shares.

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

		2023	2022
Main Market:			
Asia	$	1,420,529	1,965,065
Europe		559,868	604,170
United States		408,489	540,851
Other		150,468	266,346
	$	2,539,354	3,376,432
Major product:			
Wired communication products	$	2,094,186	2,620,235
Wireless communication products		406,751	688,792
Repairs and maintenance revenues and others		38,417	67,405
	$	2,539,354	3,376,432

(ii) Contract balance

		December 31, 2023	December 31, 2022	January 1, 2022
Notes and trade receivables	$	247,888	1,074,017	459,470
Less: loss allowance		-	-	-
	$	247,888	1,074,017	459,470
Current contract liabilities	$	17,206	17,073	20,285

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

(r) Remuneration to employees and directors

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

The Company incurred net loss before tax in the years ended December 31, 2023, and thus, the Company was not required to accrue any remuneration to its employees and directors.

For the years ended December 31, 2022, the Company estimated its employee remuneration amounting to 2,392, and directors' remuneration amounting to 1,594, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2022.

(t) Financial instruments

(i) Credit risk

1) Exposure to credit risk

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

2) Concentration of credit risk

For the years ended December 31, 2023 and 2022, the amount of sales to customers that contributed over 10% of the Company's operating revenue occupied 92% and 88% of the Company's total sales revenue, respectively. As of December 31, 2023 and 2022, the notes and trade receivables due from these customers accounted for 97% and 92% of the Company's total notes and trade receivables, respectively, exposing the Company to significant concentration of credit risk. The Company's credit risk management policy is detailed in Note 6(t).

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	1 year	1-2 years	Over 2 years
December 31, 2023					
Non-derivative financial liabilities					
Trade payables (including related parties)	$ 197,111	(197,111)	(197,111)	-	-
Other payables (including related parties)	180,748	(180,748)	(180,748)	-	-
Long-term borrowings (including current portion)	651,032	(710,811)	(134,105)	(97,065)	(479,641)
Lease liabilities (including current and non-current)	52,412	(53,827)	(20,862)	(19,779)	(13,186)
	$ 1,081,303	**(1,142,497)**	**(532,826)**	**(116,844)**	**(492,827)**
December 31, 2022					
Non-derivative financial liabilities					
Trade payables (including related parties)	$ 1,085,403	(1,085,403)	(1,085,403)	-	-
Other payables (including related parties)	195,136	(195,136)	(195,136)	-	-
Long-term borrowings (including current portion)	887,335	(984,072)	(129,627)	(135,785)	(718,660)
Lease liabilities (including current and non-current)	72,100	(73,535)	(20,257)	(20,257)	(33,021)
	$ 2,239,974	**(2,338,146)**	**(1,430,423)**	**(156,042)**	**(751,681)**

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

(iii) Market risk

1) Currency risk

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

Unit: foreign currency in thousands

	December 31, 2023			December 31, 2022		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 12,880	USD/NTD =30.735	395,867	49,920	USD/NTD =30.665	1,530,797
CNY	20,136	CNY/NTD =4.330	87,189	4,266	CNY/NTD =4.366	18,625
Financial liabilities						
Monetary items						
USD	8,149	USD/NTD =30.735	250,460	28,403	USD/NTD =30.665	870,978
CNY	2,523	USD/CNY =4.330	10,925	19,741	USD/CNY =4.366	86,189

2) Sensitivity analysis

The Company's exposure to foreign currency risk mainly arose from the translation of cash and cash equivalents, trade receivables (including related parties), other receivables, other current financial assets, long-term and short-term borrowings, trade payables, and other payables denominated in foreign currency. Depreciation or appreciation of the USD gainst the NTD or the CNY against NTD by 5%, as of December 31, 2023 and 2022, with all other variables remained constant, would have increased or decreased the net loss before tax for the years then ended as follows:

	2023	**2022**
USD (against the NTD)		
Appreciation 5%	$ 7,270	32,991
Depreciation 5%	(7,270)	(32,991)
CNY (against the NTD)		
Appreciation 5%	$ 3,813	(3,378)
Depreciation 5%	(3,813)	3,378

(iv) Exchange gains and losses of monetary items

Since the Company has many kinds of functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed on an aggregate basis. For the years ended December 31, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $10,548 and $52,553, respectively.

(v) Interest rate analysis

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

		Carrying amount	
		December 31, 2023	**December 31, 2022**
Variable rate instruments:			
Financial assets	$	487,401	297,202
Financial liabilities		(651,032)	(887,335)
	$	(163,631)	(590,133)

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

If the interest rate had increased or decreased by 0.25%, with all other variable factors remaining constant, the Company’ s net loss would have decreased or increased by 409 and 1,475 for 2023 and 2022, respectively. The basis of analysis was the same for both years, mainly due to the Company's borrowings and demand deposits at variable interest rates.

(vi) Other price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the other comprehensive income as illustrated below:

		2023		2022	
		Other comprehensive income, before tax	**Profit or loss before tax**	**Other comprehensive income, before tax**	**Profit or loss before tax**
5% increase	$	-	6,353	-	-
5% decrease	$	-	(6,353)	-	-

(vii) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

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

	December 31, 2023				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Private stocks	$ 127,050	-	-	127,050	127,050
Financial assets at fair value through other comprehensive income					
Trade receivables	110,529	-	-	-	-
Financial assets at amortized cost					
Cash and cash equivalents	$ 1,081,550	-	-	-	-
Trade receivables (including related parties)	137,359	-	-	-	-
Other receivables (including related parties)	13,868	-	-	-	-
Other financial assets	300,000	-	-	-	-
Guarantee deposits paid	5,253	-	-	-	-
	1,538,030	-	-	-	-
	$ 1,775,609				
Financial liabilities at amortized cost:					
Secured bank loans	$ 651,032	-	-	-	-
Trade payables	197,111	-	-	-	-
Other payables	180,748	-	-	-	-
Lease liabilities (including current and non-current)	52,412	-	-	-	-
	$ 1,081,303				

	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Trade receivables	$ 21,134				
Financial assets at amortized cost					
Cash and cash equivalents	$ 867,449	-	-	-	-
Trade receivables (including related parties)	1,052,883	-	-	-	-
Other receivables (including related parties)	40,148	-	-	-	-

Guarantee deposits paid	5,445	-	-	-	-
Other non-current assets (refundable deposits)	21,466				
	$ 2,008,525				
Financial liabilities at amortized cost:					
Secured bank loans	887,335	-	-	-	-
Trade payables	1,085,403	-	-	-	-
Other payables	195,136	-	-	-	-
Lease liabilities (including current and non-current)	72,100	-	-	-	-
	$ 2,239,974				

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

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

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

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

If the financial instruments held by the consolidated company have no active market, their fair values are presented below by category and attribute:

Unquoted equity instruments: Fair values are estimated using option pricing models (such as the Black Scholes model) and liquidity discount models (such as the Finnerty model), with the main assumption being based on market quotations from investors. The estimates have been adjusted for the discount impact due to the lack of market liquidity of the equity securities.

4) Transfers between Level 1 and Level 2

There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2023 and 2022.

5) Reconciliation of Level 3 fair values

	Non-current financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
January 1, 2023	$ 36,000	-
Profit or loss		
Profit	91,050	-
December 31, 2023	**$ 127,050**	**-**
December 31, 2022 (=January 1, 2023)	**$ -**	**-**

6) Quantified information on significant unobservable inputs (Level 3) used in fair value Measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets at fair value through profit or loss-Private stock.

The Group's equity investments without an active market which are classified as Level 3 have numerous unobservable inputs. The significant unobservable inputs of equity instrument investments are not correlated to each other.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss-Private stock	Black-Scholes model and Finnerty model	Lack of market liquidity discount (24.82% as of December 31,2023)	The fair value would decrease if lack of market liquidity discount increase

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The fair value measurement of financial instruments by the Group is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results. For financial instruments classified as Level 3, changing the price to book ratio or liquidity discount would have the following effects on income:

			Income	
	Inputs	**Increase /Decrease**	**Favorable**	**Unfavorable**
December 31,2023				
Non current financial assets at fair value through profit or loss	Lack of market liquidity discount	10%	$ 16,900	(16,900)

(t) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

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

(ii) Structure of risk management

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

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

(iii) Credit risk

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

1) Trade receivables and other receivables

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

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

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

2) Investments

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

3) Guarantees

The Company's policy is to provide financial guarantees only for subsidiaries with over 50% of their voting shares held by the Company. Please refer to note 7 for details of endorsements and guarantees provided by the Company for subsidiaries as of December 31, 2023 and 2022.

(iv) Liquidity risk

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

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

Bank loans are an important source of liquidity for the Company. As of December 31, 2023 and 2022, the Company's unused long term borrowings credit lines were $965,820 and $894,980, respectively. Please refer to note 6(j) for details of unused long term borrowings credit lines.

(v) Market risk

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

1) Currency risk

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

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

2) Interest rate risk

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

(u) Capital management

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

		December 31, 2023	December 31, 2022
Total liabilities	$	1,189,992	2,336,507
Less: Cash and cash equivalents		1,081,550	867,449
Net liabilities	$	108,442	1,469,058
Total equity	$	3,150,714	3,233,958
Net liability-to-equity ratio		3%	45%

The net debt to equity ratio decreased as of December 31, 2023, mainly due to the Company's subsidiaries remitted the liquidation surplus, increase in cash and approximate cash. And adjusts purchases by order to decrease in trade payables (including related parties).

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

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

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

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

				Non-cash changes		
		January 1, 2023	Cash Flow	Increase	lease modification	December 31, 2023
Long-term borrowings	$	887,335	(236,303)	-	-	651,032
Lease liabilities		72,100	(19,931)	1,204	(961)	52,412
Total amount of liabilities arising from financing activities	$	959,435	(256,234)	1,204	(961)	703,444

	January 1, 2022	Cash Flow	Non-cash changes: Increase	Non-cash changes: lease modification	December 31, 2022
Short-term borrowings	$ 92,340	(92,340)	-	-	-
Long-term borrowings	952,453	(65,118)	-	-	887,335
Lease liabilities	110,224	(22,175)	1,309	(17,258)	72,100
Other non-current liabilities	240	(240)	-	-	-
Total amount of liabilities arising from financing activities	$ 1,155,257	(179,873)	1,309	(17,258)	959,435

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are related parties that had transactions with the Company during the periods covered in the financial statements:

Name of related party	Relationship with the Company
Huge Castle Ltd.	Subsidiary
Qianjin Investment Co., Ltd.	〃
SOARNEX Technology Corporation	〃 (Note2)
Perfect choice Co., Ltd. (Perfect)	〃
CAMEO International Ltd.	〃 (Note3)
Nettech Technology (Suzhou) Co. Ltd.	〃 (Note4)
Suzhou Soarnex Technology Co., Ltd	〃
D-Link Corporation	Parent Company(Note1)
D-Link International Pte Ltd. (D-Link International)	Subsidiary of D-Link Corporation(Note1)
D-Link (Shanghai) Co., Ltd.	Subsidiary of D-Link Corporation(Note1)
Young Syun Investment Co., Ltd.	Other related parties(Note5)
Amigo Technology Inc.	Other related parties
SAPIDO TECHNOLOGY INC.	Other related parties
All Directors, general manager and deputy general manager	Key management personnel

(Note1)D-Link Corporation acquired control of the company on April 1, 2023, and changed from an individual with significant influence on the company to the parent company of the company from April 1, 2023.

(Note2)SOARNEX TECHNOLOGY CORPORATION was dissolved by a resolution of the board of directors on August 9, 2022, and obtained the approval letter of the Taipei City Government on August 15, 2022, and the liquidation procedure has completed on April 24, 2023, and was repaid to Qianjin Investment Co., Ltd.

(Note3)CAMEO International Ltd. has been liquidated and cancelled by a resolution of the board of directors in January 2023, and the liquidation procedure has completed on March 9, 2023, and was repaid to Huge Castle Ltd.

(Note4)NETTECH TECHNOLOGY (SUZHOU) CO., LTD has been liquidated and cancelled by a resolution of the board of directors in November 2022. The liquidation procedure has completed on August 31, 2023, and was repaid to Perfect Choice Co., Ltd. on August 4, 2023.

(Note5)Young Syun Investment Co., Ltd has been merged with Taiwan Network Group United Co., Ltd and changed from an affiliated company controlled by the same parent company to a substantive party on December 4, 2023.

(b) Significant transactions with related parties

(i) Sales to related parties

The amounts of significant sales by the Company to related parties and the outstanding balances are as follows:

	Sales		Trade receivables due from related parties	
	2023	2022	December 31, 2023	December 31, 2022
D-Link International	$ 516	12,721	-	-
D-link Corporation	1,166,651	1,433,533	92,106	452,538
D-Link (Shanghai)	283,282	182,255	18,423	91,775
Amigo	2,564	44,200	25	8,860
	$ 1,453,013	**1,672,709**	**110,554**	**553,173**

The collection period of goods sold by the Company to related parties was mainly 90 days after delivery and might be extended if necessary. For most third parties, the collection period was open account 60 days. The price for sales to the above related parties was determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

(ii) Purchases from related parties

The amounts of purchases by the Company from related parties and the outstanding balances were as follows:

	Purchase		Trade payables to related parties	
	2023	2022	December 31, 2023	December 31, 2022
D-link Corporation	178	-	-	-
Amigo	17,444	-	5,788	-
	$ 17,622	**-**	**5,788**	**-**

The payment period for subsidiaries were executed in accordance with the actual financial position thereof, and two to three months for other related parties, which was not significantly different from the payment to ordinary vendors. Purchasing prices were based on general market price.

(iii) Payment to related parties

Miscellaneous expenses paid to related parties and the outstanding balances were as follows:

	Miscellaneous expenses		Other payables	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
D-Link Corporation	$ 3,604	803	-	-
SAPIDO	65	-	-	-
	$ 3,669	803	-	-

(iv) Received from related parties

Advances received by the Company from related parties netting to operating expense are set out below:

	Miscellaneous income		Other receivables	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
D-Link Corporation	$ 9,524	8,278	7,822	1,864
D-Link International	502	160	-	25
Amigo	-	2,652	-	-
	$ 10,026	11,090	7,822	1,889

(v) Borrowing from related parties

The Company's non-interest-bearing borrowing of funds from related parties in 2023 and 2022 due to capital demand was classified as other payables:

	Highest balance of financing to other parties during the period		Interest Expense	
	2023	**2022**	**2023**	**2022**
Young Syun	$ -	100,000	-	480
Qianjin	38,000	38,000	52	322
Perfect	61,532	301,928	-	-
Huge	97,257	-	-	-
	$ 196,789	439,928	52	802

	December 31, 2023	December 31, 2022
Other payable to related parties		
Subsidiary－Qianjin	$ -	38,000
Subsidiary－Huge	92,205	-
	$ 92,205	38,000

The interest rates of the year in 2023 and 2022 were 0%~1.105%, respectively, and the company did not provide collateral.

(vi) Leases

The Company has leased part of the Tainan plant to its related parties D-Link Corporation, and has leased part of the Taipei office to subsidiary Qianjin, the rent has been collected monthly, and the rental income were as follows:

	Rent Income		Other Receivables	
	2023	**2022**	**2023**	**2022**
D-Link Corporation	$ 2,371	2,371	-	-
Qianjin	57	19	10	-
	$ 2,428	**2,390**	**10**	**-**

(c) Key management personnel transactions

Key management personnel’ s compensation comprised:

	2023	2022
Short-term employee benefits	$ 12,551	16,442
Post-employment benefits	162	171
	$ 12,713	**16,613**

(8) Pledged assets:

The carrying amounts of the assets which the Company pledged as collateral were as follows:

Asset Name	Pledged to secure	December 31, 2023	December 31, 2022
Other non-current assets－restricted time deposits	Payment guarantee for suppliers	$ -	21,466
Property, plant, and equipment－land	Long-term bank loans	346,639	346,639
Property, plant, and equipment－buildings and construction	Long-term bank loans	929,171	960,143
		$ 1,275,810	**1,328,248**

(9) Commitments and contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other disclosures:

(a) The summary of current-period employee benefits, depreciation, and amortization, by function, was as follows:

	For the years ended December 31					
	2023			2022		
By function / By item	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	181,618	169,642	351,260	201,623	177,581	379,204
Labor and health insurance	21,048	15,016	36,064	19,350	16,165	35,515
Pension	8,280	7,289	15,569	7,939	8,303	16,242
Remuneration of directors	-	720	720	-	2,299	2,299
Others	19,559	7,992	27,551	23,170	9,079	32,249
Depreciation	96,171	32,217	128,388	100,079	32,323	132,402
Amortization	67	3,401	3,468	1,943	4,747	6,690

Additional information on the number of employees and employee benefit expenses for the years ended December 31, 2023 and 2022 were as follow:

	2023	2022
Number of employees	589	598
Number of directors who were not employees	6	6
The average employee benefit	$ 738	782
The average salaries and wages	$ 603	641
Percentage change in average salary	(5.93)%	
Compensation to the supervisory	$ -	-

The Company's compensation policy (for directors, supervisors, executives, and employees) is as follows:

(i) The Company’s policy for director compensation is implemented pursuant to the resolution of both the Compensation Committee and the Board of Directors.

1) Compensation of independent directors: Independent directors are remunerated quarterly despite the profit or loss of the Company; wherein discretionary adjustments may be made by the Compensation Committee based on their respective participation and contribution.

2) Compensation of directors: The Company does not provide remuneration for directors. However, profit shall be distributed as compensation pursuant to the Company’s articles of Incorporation, wherein the Compensation Committee proposes the distribution scheme taking into account the overall performance of the Board and the Company, future operation, and risk appetite. The distribution proposal shall be approved by the Board of Directors and reported to the shareholders’ meeting, and then be carried out according to the directors’ respective participation and contribution.

(ii) Compensation of executives and staff: Pay adjustment shall be made based on annual performance evaluation and price level. In addition to base salary, year-end bonus and performance bonus are also included in the compensation package. In accordance with the Company’s articles of Incorporation, the Company shall allocate employee compensation provided that there is profit for the year. Employees entitled to the aforementioned employee compensation, either in stock or in cash, may include affiliates’ employees who meet certain conditions stipulated by the Board of Directors.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Company for the as of December 31, 2023:

(i) Loans to other parties:

Unit: foreign currency in thousand

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 4)	Maximum limit of fund financing (Note 4)
													Item	Value		
1	Perfect choice Co., Ltd.	The Company	Other receivables	Yes	85,455	76,838	-	- -	2	-	Working capital for parent	-		-	58,198	58,198
	〃 〃	Huge Castle Ltd	〃	〃	8,618	-	-	-	〃	-	Working capital for parent	-		-	58,198	58,198
2	Luis Jo'se Investments Inc.	Huge Castle Ltd	〃	〃	8,618	-	-	-	〃	-	Working capital for parent	-		-	17,316	17,316
3	Qianjin Investment Co., Ltd	The Company	〃	〃	38,000	-	-	1.105%	〃	-	Working capital for parent	-		-	60,102	60,102
4	Huge Castle Ltd	The Company	〃	〃	92,205	92,205	92,205	-	〃	-	Working capital for parent	-		-	119,557	119,557

Note 1: The numbering is as follows:
(i) "0" represents the Company
(ii) Subsidiaries are numbered starting from "1".
Note 2: The highest balance for the period was calculated based on the exchange rate of December 31, 2023.
Note 3: 1 represents a trading counterparty; 2 indicates the necessity of short-term financing.
Note 4: According to each subsidiary's "Procedures for Loans to Other Parties", for other companies or entities having short-term financing needs, the amount of loan to a single entity shall not exceed 40% of the net worth reported in the latest financial statements as of December 31, 2023. For subsidiaries whose voting shares are 100% owned, directly or indirectly, by the parent company, or for the loans between subsidiaries, the preceding limit does not apply; however, the total amount of loans shall not exceed 40 % of the net worth reported in the latest financial statements as of December 31, 2023.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand shares

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Harvatek Corporation	None	Financial assets at fair value through profit or loss	6,000	-	14.46%	-	(Note 1)
〃	Stock-Covia Inc.	〃	Financial assets at fair value through profit or loss	0.4	-	5.40%	-	(Note 2)
〃	Private Stock ENSURE GLOBAL CORP., LTD.	〃	Non-current financial assets at fair value through profit or loss	5,000	127,050	3.16%	127,050	
Qianjin Investment Co., Ltd.	D-Link CORPORATION	The company director of the Company	Financial assets at fair value through other comprehensive income	5,434	108,410	0.91%	108,410	

Note 1: Harvatek Corporation has been delisted since October 27, 2008, and the initial investment cost of it amounting to $60,000 has been fully recognized as loss by the Company.

Note 2: The investment in Covia Inc. investment valued at impairment loss amounting to $13,211, and the impairment loss has been fully recognized by the Company.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Trade receivables (payables)	
			Purchase/Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)
The Company	D Link Corporation	Parent Company	Sale	(1,166,651)	(46)%	90 days after delivery	Note1	Note1	Trade receivables 92,106	37%
〃	D-Link (ShangHai)	Subsidiary of D-link Corporation	Sale	(283,282)	(11)%	90 days after delivery	Note1	Note1	Trade receivables 18,423	7%

Note1: The collection period of goods sold by the Company to related parties was mainly 90 days after delivery and might be extended if necessary. For most third parties, the collection period was open account 60 days. The price for sales to the above related parties was determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

Unit: in thousands share

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2023	Original investment amount December 31, 2022	Balance as of December 31, 2023 Shares (thousands)	Balance as of December 31, 2023 Percentage of ownership	Balance as of December 31, 2023 Carrying value	Net income (losses) of investee	Share of profits/losses of investee	Note
The Company	Huge Castle Ltd.	Samoa	Investment holding	295,006	515,592	9,330	100%	298,896	(24,431)	(24,431)	
〃	Qianjin Investment Co., Ltd.	Taiwan	Investment holding	270,000	270,000	27,000	100%	150,256	1,348	1,348	
Less: Unrealized profits (losses) of affiliates								(65)			
								449,087		(23,083)	
Qianjin Investment Co., Ltd.	Soarnex Technology Corporation	Taiwan	International trade	-	24,000	-	-%	-	(13)	(13)	Note1
Soarnex Technology Corporation	Soarnex holding Co., Ltd.	Samoa	Investment holding	-	0.03	-	-%	-	-	-	Note3
Huge Castle Ltd.	Perfect Choice Co., Ltd.	Mauritius	Investment holding and trading	(16,261)	141,739	10	100%	145,496	(23,566)	(23,566)	Note4
〃	Luis Jo'se Investments Inc.	The British Virgin Islands	Investment holding	43,673	43,673	1,362	100%	43,291	1,749	1,749	
〃	CAMEO International Ltd.	Samoa	Import and export trade	-	0.03	-	-%	-	(1)	(1)	Note2

Note2: SOARNEX TECHNOLOGY CORPORATION was dissolved by a resolution of the board of directors on August 9, 2022, and obtained the approval letter of the Taipei City Government on August 15, 2022, and has begun the liquidation procedure. The liquidation procedure was completed on April 24, 2023.

Note3: CAMEO International Ltd. has been liquidated and cancelled by a resolution of the board of directors in January 2023. The liquidation procedure was completed on March 9, 2023 and remitted the liquidation surplus to Huge Castle Ltd.

Note4: Soarnex Holding Co., Ltd. was automatically deregistered in 2020 because was not pay the annual fee. And the parent company, SOARNEX TECHNOLOGY CORPORATION completed its liquidation on April 24, 2023.

Note5: Due to the large difference between the original investment exchange rate and the base date of the capital reduction, the original investment amount of Perfect Choice Co., Ltd. was negative in the original currency of US$100 thousand.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Unit: foreign currency in thousands

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance earnings as in current period	Note
					Outflow	Inflow							
Cameo Technology Development (Shenzhen) Co., Ltd.	R&D for communications technology and products	- (USD-)	Indirect investments in Mainland China through companies registered in a third region.	17,175 (USD500)	-	5,543 (USD177)	11,632 (USD323)	N/A	- %	-	(Note 3)	-	(Note 3)
NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Production, processing, and sale of electronic communications equipment	- (USD-)	〃	141,739 (USD24,653)	-	83,705 (USD2,653)	58,034 (USD0)	(9,916)	-%	(9,916)	-	291,885 (USD 9,646)	(Note 2、7、8、9、10、11、12 and 13)
WIDE VIEW TECHNOLOGY INC.	R&D, production, and sale of electronic components	- (USD-)	〃	20,923 (USD663)	-	-	20,923 (USD663)	N/A	- %	NA	(Note 4)	-	(Note 4)
Suzhou Soarnex Technology Co., Ltd	Software development and software services for computer information systems	22,064 (CNY5,000)	〃	-	-	-	-	1,003	100%	1,003	25,137	-	(Notes 2 and 5)

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
90,589 (US$986)	103,766 (US$1,108)	1,890,428

Note 1: The investment limit in Mainland China was calculated based on the official document 006130 announced by the MOEAIC on November 16, 2001.

Note 2: The investment income (loss) were based on the financial statements audited by the Company's accountants and was accounted for using the equity method.

Note 3: Cameo Technology Development (Shenzhen) Co., Ltd. completed its liquidation and in March 2012, and the payment for shares of US$177 thousand, was refunded to Huge Castle Ltd on November 28, 2013 with the approval of the Investment Commission, Ministry of Economic Affairs.

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

Note 5: It was an investment by NETTECH TECHNOLOGY (SUZHOU) CO., LTD based in Mainland China through self-funding. In August 2019, NETTECH TECHNOLOGY transferred 100% of the shareholdings to Luis Jo'se Investment.

Note 6: A resolution was passed in NETTECH TECHNOLOGY (SUZHOU) CO., LTD ‘s meeting of board of Director on December 8 2020,and reduced its capital and the payment for shares of US$25,000 thousand, with reduction ratios of 90.20%. The relevant statutory registration procedures have been completed on February 11, 2022 ,was repaid to Perfect Choice Co.,Ltd. On February 21, 2022.

Note 7: A resolution was passed in NETTECH TECHNOLOGY (SUZHOU) CO., LTD ‘s meeting of board of Director on December 8 2020,and reduced its capital and the payment for shares of US$25,000 thousand, with reduction ratios of 90.20%. The relevant statutory registration procedures have been completed on February 11, 2022, was repaid to Perfect Choice Co.,Ltd. On February 21, 2022.

Note 8: A resolution was passed in Perfect Choice Co.,Ltd.‘s meeting of board of Director on April 29 2022,and reduced its capital and the payment for shares of US$22,000 thousand, with reduction ratios of 81.48%. The base date of the capital reduction was April 29, 2022, was repaid to Huge Castle Ltd. On June 22, 2022.

Note 9: A resolution was passed in Huge Castle Ltd.‘s meeting of board of Director on March 16 2022,and reduced its capital and the payment for shares of US$22,000 thousand, with reduction ratios of 57.30%. The base date of the capital reduction was June 8, 2022, was repaid to the Company On June 23, 2022, which was approved by the Investment Review Committee of the Ministry of Economic Affairs on July 5, 2022.

Note 10: NETTECH TECHNOLOGY (SUZHOU) CO., LTD handled the repatriation of a surplus of US$13,219 thousand to Perfect Choice Co.,Ltd. in the third quarter of 2022; Perfect Choice Co.,Ltd. repatriated a surplus of US$13,057 to Huge Castle Ltd. in the third quarter of the 2022 ; Huge Castle Ltd. remitted a surplus of $271,678 thousand (US$9,003 thousand) to the Company on September 2, 2022, and the investment income repatriated to Taiwan was $271,678 thousand (US$9,003 thousand) in 2022.

Note 11: NETTECH TECHNOLOGY (SUZHOU) CO., LTD handled the repatriation of a surplus of US$8,240 and US$2,678 thousand to Perfect Choice Co.,Ltd. in the second and third quarter of 2023.And NETTECH TECHNOLOGY (SUZHOU) CO., LTD has been liquidated and cancelled by a resolution of the board of directors in November 2022, and the liquidation procedure has completed on August 31,2023. Perfect Choice Co.,Ltd handled the repatriation of a surplus of US$2,862 thousand to Huge Castle Ltd in the quarter of 2023. Huge Castle Ltd handled the repatriation of a surplus of $20,207 thousand (US$643 thousand) in 2023.

Note 12: A resolution was passed in Perfect Choice Co., Ltd.‘s meeting of board of Director on October 6 2023, and reduced its capital and the payment for shares of US$4,900 thousand, with reduction ratios of 98%. The base date of the capital reduction was November 13, 2023, was repaid to Huge Castle Ltd. On December 20, 2023.

Note 13: A resolution was passed in Huge Castle Ltd‘s meeting of board of Director on November 7 2023, and reduced its capital and the payment for shares of US$7,068 thousand, with reduction ratios of 43.10%. The base date of the capital reduction was November 30, 2023, was repaid to the Company On December 20, 2023, which was approved by the Investment Review Committee of the Ministry of Economic Affairs on January 24, 2024. As of December 31, 2023, the original investment amount of NETTECH TECHNOLOGY (SUZHOU) CO., LTD has been fully remitted to Parent Company. The cumulative investment amount of 58,034 thousand exported from Taiwan at the end of the period represents the exchange rate difference between the original investment amount and the amount repatriated to Taiwan.

(iii) Significant transactions:

The significant inter-company transactions with investees in Mainland China for the year ended 2023, direct or indirect, are disclosed in “Information on significant transactions”.

(d) Major shareholders:

Unit: Share

Shareholding Shareholder's Name	Shares	Percentage
D-Link CORPORATION	137,532,993	41.58%

(14) Segment information:

Please refer to the consolidated financial statements for the year ended 2023.

Representation Letter

The entities that are required to be included in the combined financial statements of Cameo Communications, Inc. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements. " endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Cameo Communications, Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Cameo Communications, Inc.
Chairman: Tsung-Che Wu
Date: February 26, 2024

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Cameo Communications, Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022 the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

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

   Description of key audit matter:

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

   How the matter was addressed in our audit:

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

2. Valuation of inventories

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

   Description of key audit matter:

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

   How the matter was addressed in our audit:

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

Other Matter

Cameo Communications, Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors’ report are Yiu-Kwan Au and Szu-Chuan Chien.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2024

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,331,694	32	1,486,260	26
1170	Notes and trade receivables, net (notes 6(d) and 6(q))	137,334	3	521,359	9
1180	Trade receivables due from related parties, net (notes 6(d), 6(q) and 7)	110,554	3	553,173	10
1200	Other receivables, net (note 6(e))	6,598	-	54,942	1
1210	Other receivables due from related parties, net (notes 6(e) and 7)	7,822	-	1,889	-
1220	Current tax assets	1,298	-	-	-
1310	Inventories, net (note 6(f))	606,526	14	1,211,345	22
1476	Other financial assets (note 6(a))	305,700	7	-	-
1470	Prepayments and other current assets	19,010	-	42,232	1
		2,526,536	59	3,871,200	69
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	127,050	3	-	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	108,410	3	80,696	1
1600	Property, plant and equipment (notes 6(g) and 8)	1,359,524	32	1,448,869	26
1755	Right-of-use assets (note 6(h))	52,194	1	71,971	1
1780	Intangible assets (note 6(i))	10,436	-	11,647	-
1840	Deferred tax assets (note 6(n))	32,055	1	49,086	1
1920	Refundable deposits	5,545	-	5,757	-
1975	Net defined benefit assets, non-current (note 6(m))	36,441	1	35,732	1
1990	Other non-current assets, others (notes 6(a) and 8)	925	-	28,653	1
		1,732,580	41	1,732,411	31
	Total assets	$ 4,259,116	100	5,603,611	100

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2170	Trade payables (including related parties) (note 7)	$ 197,111	5	1,085,405	19
2200	Other payables (including related parties) (note 7)	98,022	2	213,200	4
2250	Current provisions (note 6(l))	5,905	-	5,810	-
2280	Current lease liabilities (note 6(k))	20,011	-	19,587	-
2230	Current tax liabilities	-	-	3,193	-
2305	Other current liabilities	71,865	2	42,782	1
2320	Long-term borrowings, current portion (note 6(j) and 8)	122,151	3	114,151	2
		515,065	12	1,484,128	26
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(j) and 8)	528,881	12	773,184	14
2570	Deferred tax liabilities (note 6(n))	32,055	1	59,828	1
2580	Non-current lease liabilities (note 6(k))	32,401	1	52,513	1
		593,337	14	885,525	16
	Total liabilities	1,108,402	26	2,369,653	42
	Equity (note 6(c) and 6(o)):				
	Equity attributable to owners of parent :				
3110	Ordinary share	3,307,792	78	3,307,792	59
3300	Retained earnings	(26,640)	(1)	85,042	2
3400	Other equity	(132,438)	(3)	(158,876)	(3)
	Total equity	3,150,714	74	3,233,958	58
	Total liabilities and equity	$ 4,259,116	100	5,603,611	100

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (notes 6(q) and 7)	$ 2,539,354	100	3,379,117	100
5000	Operating costs (notes 6(f) and 12)	2,366,447	93	3,088,896	91
5900	**Gross profit**	172,907	7	290,221	9
6000	**Operating expenses (notes 7 and 12):**				
6100	Selling expenses	65,063	3	85,478	3
6200	Administrative expenses	108,434	4	107,259	3
6300	Research and development expenses	188,837	7	187,365	6
	Total operating expenses	362,334	14	380,102	12
6900	**Net operating loss**	(189,427)	(7)	(89,881)	(3)
7000	**Non-operating income and expenses (notes 6(b), 6(f),6(g),6(h),6(k) and 7):**				
7050	Finance costs	(16,059)	-	(17,026)	-
7100	Interest income	25,185	1	28,818	1
7190	Other income	67,626	3	31,086	1
7210	Gains on disposals of property, plant and equipment	(502)	-	42,294	1
7230	Foreign exchange gains	10,287	-	100,794	3
7235	Gains on financial assets (liabilities) at fair value through profit or loss	86,269	3	228	-
7228	Gains on lease modification	289	-	514	-
7590	Other loss	(2,159)	-	(1,666)	-
		170,936	7	185,042	6
7900	**Profit (lose) from continuing operations before tax**	(18,491)	-	95,161	3
7950	Less: Income tax expenses (note 6(n))	188,669	1	188	-
	Profit (loss)	(37,160)	(1)	94,973	3
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	249	-	9,858	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	27,714	1	(22,551)	(1)
8349	Income tax related to items that may not be reclassified to profit or loss	-	-	-	-
	Total items that may not be reclassified to profit or loss	27,963	1	(12,693)	(1)
8360	**Items that may be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(1,276)	-	21,327	1
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified to profit or loss	(1,276)	-	21,327	1
8300	**Other comprehensive income**	26,687	1	8,634	-
8500	**Total comprehensive income**	**$ (10,473)**	**-**	**103,607**	**3**
	Basic earnings per share (note 6(p))				
9750	Basic earnings per share	**$ (0.11)**		**0.29**	
9850	Diluted earnings per share	**$ (0.11)**		**0.29**	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
		Retained earnings				Other equity			
	Ordinary shares	Legal reserve	Special reserve	Accumulated deficits	Retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Total equity
Balance at January 1, 2022	$ 3,307,792	-	-	(19,789)	(19,789)	(61,702)	(95,950)	(157,652)	3,130,351
Profit for the year ended December 31, 2022	-	-	-	94,973	94,973	-	-	-	94,973
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	9,858	9,858	21,327	(22,551)	(1,224)	8,634
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	104,831	104,831	21,327	(22,551)	(1,224)	103,607
Balance at December 31, 2022	3,307,792	-	-	85,042	85,042	(40,375)	(118,501)	(158,876)	3,233,958
Appropriation and distribution of retained earnings:									
Legal reserve appropriated		8,504		(8,504)					
Special reserve appropriated			1,224	(1,224)					
Cash dividends of ordinary share	-	-	-	(72,771)	(72,771)	-	-	-	(72,771)
	-	8,504	1,224	(82,499)	(72,771)	-	-	-	(72,771)
Loss for the year ended December 31, 2023				(37,160)	(37,160)				(37,160)
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	249	249	(1,276)	27,714	26,438	26,687
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	(36,911)	(36,911)	(1,276)	27,714	26,438	(10,473)
Balance at December 31, 2023	**$ 3,307,792**	**8,504**	**1,224**	**(34,368)**	**(24,640)**	**(41,651)**	**(90,787)**	**(132,438)**	**3,150,714**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit (loss) before tax	$ (18,491)	95,161
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	128,779	133,795
Amortization expense	3,468	6,935
Net gain on financial assets or liabilities at fair value through profit or loss	(86,269)	(228)
Interest expense	16,059	17,026
Interest income	(25,185)	(28,818)
Dividend income	(1,220)	(1630)
Loss (gain) on disposal of property, plant and equipment	502	(42,294)
Others	(4,902)	(517)
Total adjustments to reconcile (profit) loss	31,232	84,269
Changes in operating assets and liabilities:		
Decrease (increase) in notes and trade receivables	384,025	(237,354)
Decrease (increase) in trade receivables due from related parties	442,619	(375,561)
Decrease (increase) in other receivables	36,622	(16,418)
(Increase) decrease in other receivable due from related parties	(5,933)	3,040
Decrease (increase) in inventories	604,819	(336,230)
Decrease in other current assets	23,222	26,609
(Increase) decrease in net defined benefit assets	(460)	606
Total changes in operating assets	1,484,914	(935,308)
(Decrease) increase in trade payables	(894,082)	564,606
Increase in trade payable to related parties	5,788	-
(Decrease) increase in other payable	(115,122)	6,302
Increase (decrease) in other operating liabilities	29,178	(1,588)
Total changes in operating liabilities	(974,238)	569,320
Total changes in operating assets and liabilities, net	510,676	(365,988)
Total adjustments	541,908	(281,719)
Cash outflow generated (used in) from operations	523,417	(186,558)
Interest received	36,907	21,694
Dividends received	1,220	1,630
Interest paid	(16,115)	(16,949)
Income taxes paid	(33,902)	(134,134)
Net cash flows from (used in) operating activities	511,527	(314,317)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(36,000)	-
Acquisition of property, plant and equipment	(19,918)	(7,533)
Proceeds from disposal of property, plant and equipment	127	304,465
Acquisition of intangible assets	(2,257)	(1,087)
(Increase) decrease in other financial assets	(284,234)	8,534
Decrease (increase) in other non-current assets	6,474	(4,009)
Net cash flows (used in) from investing activities	(335,808)	300,370
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	-	(92,340)
Proceeds from long-term borrowings	-	44,547
Repayments of long-term borrowings	(236,303)	(109,665)
Payment of lease liabilities	(19,931)	(22,175)
Decrease in other non-current liabilities	-	(283)
Cash dividends paid	(72,771)	-
Net cash flows used in financing activities	(329,005)	(179,916)
Effect of exchange rate changes on cash and cash equivalents	(1,280)	21,291
Net (decrease) increase in cash and cash equivalents	(154,566)	(172,572)
Cash and cash equivalents at beginning of period	1,486,260	1,658,832
Cash and cash equivalents at end of period	$ 1,331,694	1,486,260

(1) Company history

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

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

The consolidated financial statements were authorized for issue by the Board of Directors on February 26, 2024.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

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

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

2) Financial assets measured at fair value through other comprehensive income are measured at fair value;

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

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements. The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding		
Name of investor	**Name of Subsidiary**	**Principal activity**	**December 31, 2023**	**December 31, 2022**	**Remark**
The Company	Qianjin Investment Co., Ltd.	Investment holding	100 %	100 %	
〃	Huge Castle Ltd.	Investment holding	100 %	100 %	
Qianjin Investment Co., Ltd.	SOARNEX TECHNOLOGY CORPORATION	International trade, and wholesale of telecommunications equipment and information software	-	100 %	Note1
SOARNEX TECHNOLOGY CORPORATION	Soarnex Holding Co., Ltd.	Investment holding	-	100 %	Note4
Huge Castle Ltd.	Perfect Choice Co., Ltd.	Investment holding and trading	100 %	100 %	
〃	Luis Jo'se Investment Inc.	Investment	100 %	100 %	
〃	CAMEO International Ltd.	Import and export trade	-	100 %	Note2

			Shareholding		
Name of investor	**Name of Subsidiary**	**Principal activity**	**December 31, 2023**	**December 31, 2022**	**Remark**
Perfect Choice Co., Ltd.	NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Production, processing, and sale of electronic communications equipment	-	100 %	Note3
Luis Jo'se Investment Inc.	Suzhou Soarnex Technology Co., Ltd	Software development and software services on computer information systems	100 %	100 %	

Note1:SOARNEX TECHNOLOGY CORPORATION was dissolved by a resolution of the board of directors on August 9, 2022, and obtained the approval letter of the Taipei City Government on August 15, 2022, and the liquidation procedure has completed on April 24, 2023, and was repaid to Qianjin Investment Co., Ltd.

Note2:CAMEO International Ltd. has been liquidated and cancelled by a resolution of the board of directors in January 2023, and the liquidation procedure has completed on March 9,2023, and was repaid to Huge Castle Ltd.

Note3: NETTECH TECHNOLOGY (SUZHOU) CO., LTD has been liquidated and cancelled by a resolution of the board of directors in November 2022. The liquidation procedure has completed on August 31, 2023, and was repaid to Perfect Choice Co., Ltd. on August 4, 2023.

Note4: Soarnex Holding Co., Ltd. was automatically deregistered in 2020 because was not pay the annual fee. And the parent company, SOARNEX TECHNOLOGY CORPORATION completed its liquidation on April 24, 2023.

(d) Foreign currencies

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

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

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

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

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

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

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

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

An entity shall classify a liability as current when:

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

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

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

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

(f) Cash and cash equivalents

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

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

(g) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1)	Buildings and construction	5~50 years
2)	Machinery and equipment	2~8 years
3)	Office and other facilities	1~6 years
4)	Lease improvements	5 years

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

(j) Lease

(i) As a leasee

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

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

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

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

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

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

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

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

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

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

(k) Intangible assets

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

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

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

(l) Impairment of non-financial assets

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

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

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

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

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

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

(m) Provisions

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

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

(n) Revenue from contracts with customers

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

(i) Sale of goods

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

Trade receivables are recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financing components

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

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Termination benefits

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

(iv) Short-term employee benefits

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

(p) Income tax

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

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

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

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

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

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

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

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

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

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

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

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

1) the same taxable entity; or

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

(q) Earnings per share

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

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

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

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

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

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

(a) Valuation of inventories

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Foreign currencies on hand and petty cash	$ 618	1,551
Check and demand deposits	614,799	572,671
Time deposits	716,277	862,038
Cash equivalents	-	50,000
	$ 1,331,694	1,486,260

As of December 31, 2023 and 2022, the Group’ s restricted time deposits recognized as other non-current assets amounted to $0 and $21,466, respectively. Please refer to Note 8 for details.

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

As of December 31, 2023 and 2022, the Company‘s time deposits more than three months recognized as other financial assets - current amounted to $305,700 and $0, respectively.

(b) Non-current financial assets at fair value through profit or loss

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

	December 31, 2023	December 31, 2022
Private stock shares of domestic company	$ 127,050	-

On December 4, 2023, the Group participated in the private placement of 5,000 ordinary shares of ENSURE GLOBAL CORP., LTD. with a par value of $7.2 per share, with an investment cost of 36,000, and the private placement of ordinary shares shall not be sold on its own in accordance with the provisions of the Securities and Exchange Act within three years from January 19, 2024, on the date of delivery to January 18, 2027, except for the transfer in accordance with Article 43-8 of the Securities and Exchange Act.

The Group's gains on financial assets at fair value through profit or loss was 91,050 in 2023. Please refer to note 6(t) for exposures to credit risk and currency risk.
The aforementioned financial assets were not pledged as collateral for the year ended December 31, 2023.

(c) Financial assets measured at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Listed common shares of domestic company	$ 108,410	80,696

(i) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

(ii) During 2023 and 2022, the Group recognized $27,714 and $22,551 as other comprehensive income relating to investments in equity instruments designated at fair value through other comprehensive income, respectively.

(iii) There were no disposal of strategic investments and transfer of any cumulative gain or loss within equity relating to these investments for the year ended December 31, 2023.

(iv) For the disclosure of market risk, please refer to Note 6(s).

(vi) The aforementioned financial assets were not pledged as collateral.

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

	December 31, 2023	December 31, 2022
Trade receivables－measured at amortized cost	$ 137,359	1,053,398
Trade receivables－fair value through other comprehensive income	110,529	21,134
	247,888	1,074,532
Less: loss allowance	-	-
Notes and trade receivables, net	$ 247,888	1,074,532

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

The expected credit losses on notes and trade receivables were as follows:

	December 31, 2023		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 246,672	0%	-
1~30 days past due	1,216	0%	-
	$ 247,888		**-**

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,070,438	0%	-
1~30 days past due	250	0%	-
31~60 days past due	13	0%	-
61～90 days past due	613	0%	-
91～180 days past due	3,218	0%	-
	$ 1,074,532		**-**

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

	2023	**2022**
Balance at January 1	$ -	120
Amounts written off	-	(120)
Balance at December 31	**$ -**	**-**

As of December 31, 2023, the Group enter into trade receivable factoring agreements with banks. Under the agreements, within the limit of the Group’s credit facilities, it does need to guarantee the debtor’s solvency at the time when the claim is transferred and when the obligations are due. Upon the sale of trade receivables, the Group will be advanced an agreed percentage, and pay interest calculated based on the interest rates agreed for the period through the collection of the accounts receivable. The remaining amounts are received upon the collection of the trade receivables and recorded as other receivables.

The aforementioned financial assets were not pledged as collateral.

(e) Other receivables (including related parties)

	December 31, 2023	**December 31, 2022**
Other receivables	$ 27,973	70,384
Less: loss allowance	(13,553)	(13,553)
	$ 14,420	**56,831**

The movement in the allowance for other receivables were remained unchanged.

(f) Inventories

		December 31, 2023	December 31, 2022
Raw materials	$	479,185	701,363
Work in progress and semi-finished goods		78,829	360,593
Finished goods		48,512	149,389
	$	606,526	1,211,345

(i) Operating cost:

		2023	2022
Sale of inventories	$	2,149,967	2,929,303
Write-down of inventories		(16,918)	47,207
Loss on disposal of inventory		26,329	3,421
Loss (gain) on physical inventory		4	21
Unallocated production overheads		207,065	108,944
	$	2,366,447	3,088,896

(ii) The net realization value of inventory was lower than the cost due to the sale and disposal of inventory write-downs on 2023, resulting in a rollover to loss allowance.

(iii) As of December 31, 2023 and 2022, the Group did not provide any inventories as collateral for its loans.

(g) Property, plant and equipment

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

		Land	Buildings and construction	Machinery and equipment	Molding equipment	Office and other facilities	Lease improvements	Total
Cost or deemed cost:								
Balance at January 1, 2023	$	346,639	1,131,005	526,031	7,532	64,534	23,921	2,099,662
Additions		-	-	19,038	407	473	-	19,918
Disposal and derecognition		-	(3,377)	(3,967)	(2,035)	(48)	-	(9,427)
Transferred into (out)		-	-	(51)	(277)	-	-	(328)
Effects of movements in exchange rates		-	-	57	13	-	-	70
Balance at December 31, 2023	$	346,639	1,127,628	541,108	5,640	64,959	23,921	2,109,895

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Land	Buildings and construction	Machinery and equipment	Molding equipment	Office and other facilities	Lease improvements	Total
Balance at January 1, 2022	$ 362,839	1,149,521	597,871	8,616	65,644	23,921	2,208,412
Additions	-	3,920	2,610	121	481	-	7,132
Disposal and derecognition	(16,200)	(22,436)	(74,483)	(1,252)	(1,609)	-	(115,980)
Transferred into (out)	-	-	(35)	-	-	-	(35)
Effects of movements in exchange rates	-	-	68	47	18	-	133
Balance at December 31, 2022	$ 346,639	1,131,005	526,031	7,532	64,534	23,921	2,099,662
Depreciation and impairments loss:							
Balance at January 1, 2023	$ -	151,278	416,598	4,524	54,472	23,921	650,793
Depreciation	-	37,977	62,842	1,725	5,926	-	108,470
Disposal and derecognition	-	(3,377)	(3,338)	(2,035)	(48)	-	(8,798)
Transferred into (out)	-	-	-	(160)	-	-	(160)
Effects of movements in exchange rates	-	-	63	2	1	-	66
Balance at December 31, 2023	$ -	185,878	476,165	4,056	60,351	23,921	750,371
Balance at January 1, 2022	$ -	125,026	427,172	3,009	49,325	23,917	628,449
Depreciation	-	37,837	63,831	2,760	6,738	4	111,170
Disposal and derecognition	-	(11,585)	(74,483)	(1,252)	(1,609)	-	(88,929)
Effects of movements in exchange rates	-	-	78	7	18	-	103
Balance at December 31, 2022	$ -	151,278	416,598	4,524	54,472	23,921	650,793
Carrying amount:							
Balance at December 31, 2023	$ 346,639	941,750	64,943	1,584	4,608	-	1,359,524
Balance at December 31, 2022	$ 346,639	979,727	109,433	3,008	10,062	-	1,448,869
Balance at January 1, 2022	$ 362,839	1,024,495	170,699	5,607	16,319	4	1,579,963

(i) The Company sold the Xizhi plant to a non-related person on April 26,2022 , and completed the transfer registration and point delivery, with a total transaction amount of 69,224 (after deducting relevant expenses), and gains on disposals of property, plant and equipment was 42,173, and the payment had been received as of December 31,2022.

(ii) The Group, pursuant to IAS 36 – Impairment of Assets, conducted an impairment assessment on the reporting date, and after assessment of no signs of impairment, there is no need to perform impairment test in 2023 and 2022.

(iii) As of December 31, 2023 and 2022, the property, plant, and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to Note 8.

(h) Right-of-use assets

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

	Buildings and construction	Transportation equipment	Total
Cost:			
Balance at January 1, 2023	$ 101,147	1,309	102,456
Increase	1,204	-	1,204
Decrease	(672)	-	(672)
Effects of movements in exchange rates	-	-	-
Balance at December 31, 2023	$ 101,679	1,309	102,988
Balance at January 1, 2022	$ 117,891	-	117,891
Increase	-	1,309	1,309
Decrease	(16,744)	-	(16,744)
Effects of movements in exchange rates	-	-	-
Balance at December 31, 2022	$ 101,147	1,309	102,456
Accumulated depreciation and impairment losses:			
Balance at January 1, 2023	$ 30,049	436	30,485
Depreciation	19,873	436	20,309
Decrease	-	-	-
Effects of movements in exchange rates	-	-	-
Balance at December 31, 2023	$ 49,922	872	50,794
Balance at January 1, 2022	$ 7,860	-	7,860
Depreciation	22,189	436	22,625
Decrease	-	-	-
Effects of movements in exchange rates	-	-	-
Balance at December 31, 2022	$ 30,049	436	30,485
Carrying amount:			
Balance at December 31, 2023	$ 51,757	437	52,194
Balance at December 31, 2022	$ 71,098	873	71,971
Balance at January 1, 2022	$ 110,031	-	110,031

(ii) The Group adjusted the leasing scope of the original parking spaces from August 1, 2023, resulting in a decrease in the right-of-use assets and lease liabilities, generating a benefit of 289, and the account showed the lease modification benefit under the comprehensive profit and loss statement.

(ii) The original leased building of the Company was used as an office to adjust the scope of lease from September 1, 2022, resulting in a reduction in right-of-use assets and lease liabilities, resulting in a profit of 514, and the account showed the lease modification benefit under the comprehensive profit and loss statement.

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2023 and 2022, were as follows:

		Patent	Computer software and others	Total
Cost:				
Balance at January 1, 2023	$	6,023	181,405	187,428
Additions		421	1,836	2,257
Transferred into (out)		(282)	(542)	(824)
Effects of movements in exchange rate		-	(29)	(29)
Balance at December 31, 2023	$	6,162	182,670	188,832
Balance at January 1, 2022	$	5,290	188,814	194,104
Additions		733	354	1,087
Transferred into (out)		-	(7,799)	(7,799)
Effects of movements in exchange rate		-	36	36
Balance at December 31, 2022	$	6,023	181,405	187,428
Amortization:				
Balance at January 1, 2023	$	5,269	170,512	175,781
Amortization		624	2,826	3,468
Derecognition		(282)	(542)	(824)
Effects of movements in exchange rate		-	(29)	(29)
Balance at December 31, 2023	$	5,629	172,767	178,396
Balance at January 1, 2022	$	4,645	171,938	176,583
Amortization		624	6,311	6,935
Derecognition		-	(7,768)	(7,768)
Effects of movements in exchange rate		-	31	31
Balance at December 31, 2022	$	5,269	170,512	175,781
Carrying amount:				
Balance at December 31, 2023	$	533	9,903	10,436
Balance at December 31, 2022	$	754	10,893	11,647
Balance at January 1, 2022	$	645	16,876	17,521

(i) The amortization of intangible assets for the year ended December 31, 2023 and 2022, are included in the consolidated statement of comprehensive income:

	2023	2022
Operating Cost	$ 67	1,943
Operating Expenses	3,401	4,992

(ii) As of December 31, 2023 and 2022, none of the Group's intangible assets was pledged as collateral.

(j) Long-term borrowings

The Group's long-term borrowings details, conditions, and provisions were as follows:

	December 31, 2023			
	Currency	Range of interest rates	Maturity year	Amount
Secured loans	NTD	1.35%-2.11%	June 2025~ May 2033	$ 651,032
Less: current portion				(122,151)
Total				$ 528,881
Unused credit lines				$ 97,000

	December 31, 2022			
	Currency	Range of interest rates	Maturity year	Amount
Secured loans	NTD	1.225%-1.985%	May 2023~ February 2035	$ 887,335
Less: current portion				(114,151)
Total				$ 773,184
Unused credit lines				$ 97,000

(i) A repayment of $236,303 has been made in 2023 (due and partial early repayment).

(ii) The proceeds from loan-term borrowings for 2022 was $44,547; and a repayment of $109,665 has been made.

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

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

(k) Lease liabilities

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

	December 31, 2023	December 31, 2022
Current	$ 20,011	19,587
Non-current	$ 32,401	52,513

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

The amounts recognized in profit or loss were as follow:

	2023	2022
Interest expense on lease liabilities	$ 893	1,008
Expenses relating to short-term leases	$ 652	1,016
Cost of low-value leased assets	$ 405	379

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

	2023	2022
Total cash outflow for leases	$ 21,881	24,578

(i) Real estate leases

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

(ii) Other leases

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

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

(l) Provisions

		Warranty
Balance at January 1, 2023	$	5,810
Increase in provision for the current period		95
Balance at December 31, 2023	**$**	**5,810**
Balance at January 1, 2022	$	4,808
Increased in provision for the current period		1,002
Balance at December 31, 2022	**$**	**5,810**

The Group’s provision for warranty was for sales of products. Provision for warranty was estimated based on the historical warranty information on similar products or services.

(m) Employee benefits

(i) Defined benefit plans

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

		December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$	3,373	4,112
Fair value of plan assets		(39,814)	(39,844)
Net defined benefit liabilities (Assets)	**$**	**(36,441)**	**(35,732)**

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

1) Composition of plan assets

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

The Group’s Bank of Taiwan labor pension reserve account balance amounted to $39,814 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Defined benefit obligations at January 1	$	4,112	38,954
Current service cost and interest cost		136	322
Actuarial (gain) loss arising from financial assumptions		124	(4,007)
Gains on liquidation		-	690
Liquidation of extinction liabilities		-	(29,513)
Benefits paid		(999)	(2,334)
Defined benefit obligations at December 31	**$**	**3,373**	**4,112**

3) Movements in the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Fair value of plan assets at January 1	$	39,844	65,434
Interest income		596	406
Remeasurements of net defined benefit assets			
-Return on plan assets (excluding current interest)		373	5,851
Liquidation		-	(29,513)
Benefits paid		(999)	(2,334)
Fair value of plan assets at December 31	**$**	**39,814**	**39,844**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Current service cost	$	76	81
Net interest of net assets for defined benefit assets		(536)	(165)
Liquidation of profit		-	690
	$	**(460)**	**606**

	2023	2022
Direct labor	$ -	230
Operating cost	-	91
Selling expense	-	67
Administrative expenses	-	61
Research and development expenses	(460)	157
	$ (460)	606

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

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

	2023	2022
Cumulative amount at January 1	$ 28,093	18,235
Recognized in current period	249	9,858
Cumulative amount at December 31	$ 28,342	28,093

6) Actuarial assumptions

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

	December 31, 2023	December 31, 2022
Discount rate	1.37500%	1.500%
Future salary increase rate	2.000%	2.000%

The Group has suspended the allocation of its retirement reserve from September 2023 to August 2024, with the approval from the Department of Labor, Taipei City Government.

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

The weighted-average duration of the defined benefit plan is 8.63 years.

7) Sensitivity analysis

As of December 31, 2023 and 2022, the changes in main actuarial assumptions might have the following impact on the present value of the defined benefit obligation:

		Influences of defined benefit obligations	
		Increase 0.25%	**Decrease 0.25%**
December 31, 2023			
Discount rate	$	(69)	72
Future salary increasing rate		69	(67)
December 31, 2022			
Discount rate	$	(89)	91
Future salary increasing rate		87	(86)

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

(ii) Defined contribution plans

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

The Group's pension costs under the defined contribution method amounted to $16,029 and $15,636 for the years ended December 31, 2023 and 2022, respectively. Payment to the Bureau of Labor Insurance has been made.

Subsidiaries in China shall comply with the regulations stipulated by the Mainland China Government to contribute monthly retirement annuity funds, based on a specific percentage of authorized employees' payroll. For the years ended December 31, 2023 and 2022, the retirement annuity funds amounted to $4,004 and $4,159, respectively.

(n) Income taxes

(i) Income tax expense (benefit)

1) The components of income tax expense for the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Current tax expense (benefit)	$	29,411	35,049
Deferred tax expense (income)		(10,742)	(34,861)
Income tax expense (benefit)	$	18,669	188

2) The Group's income tax expense (benefit) reconciled between the actual income tax expense (benefit) and net loss before tax for the years ended December 31, 2023 and 2022, was as follows:

	2023	2022
Net loss before tax	$ (18,491)	95,161
Income tax using the Company’ s domestic tax rate	(3,698)	19,032
Effect of tax rates in foreign jurisdiction (not applicable for separate financial statements)	(1,297)	9,415
Tax-exempt income	(244)	(326)
Changes in unrecognized temporary differences	1,664	9,778
Changes in unrecognized tax losses	(10,604)	(36,702)
Dividend income	4,042	-
Change in provision in prior periods	25,453	-
Other	3,353	(1,009)
	$ 18,669	**188**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities: None.

2) Unrecognized deferred tax assets

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

	December 31, 2023	December 31, 2022
Deductible temporary difference	$ 35,973	34,309
The carryforward of unused tax losses	156,301	166,905
	$ 192,274	**201,214**

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

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

As of December 31, 2023, the unused loss carryforwards and the respective expiry years were as follows:

Year of loss	Amount of loss		Deductible balance	Expiry year
The Company				
2019	287,609	(amount approved)	285,012	2029
2020	283,716	(amount approved)	283,716	2030
2021	276,846	(amount approved)	276,846	2031
2023	96,845	(amount recognized)	96,845	2033
	$ 944,379		941,782	

SOARNEX TECHNOLOGY CORPORATION was dissolved by a resolution of the board of directors on August 9, 2022, and obtained the approval letter of the Taipei City Government on August 15, 2022, and the liquidation procedure has completed on April 24, 2023, and was repaid to Qianjin Investment Co., Ltd.

3) Recognized deferred tax assets and liabilities

The Group's recognized deferred tax assets were as follows:

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred Tax Assets:	**The carryforward of unused tax losses**
Balance at January 1, 2023	$ 49,086
Recognized in profit or loss	(17,031)
Balance at December 31, 2023	$ 32,055
Balance at January 1, 2022	$ 44,994
Recognized in profit or loss	4,092
Balance at December 31, 2022	$ 49,086

Deferred Tax Liabilities:	**Investments accounted for using equity method**
Balance at January 1, 2023	$ 59,828
Recognized in profit or loss	(27,773)
Balance at December 31, 2023	**$ 32,055**
Balance at January 1, 2022	$ 98,781
Recognized in profit or loss	(38,953)
Balance at December 31, 2022	**$ 59,828**

(iii) The Company's tax returns for the years through 2021 have been examined and approved by tax authorities. The income tax returns of the Company's subsidiaries, Qianjin Investment Co., Ltd. and SOARNEX TECHNOLOGY CORPORATION for the years through 2021 and 2022, have been examined and approved by tax authorities.

(o) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the Company's authorized share capital amounted to $4,000,000, divided into 400,000 thousand shares, with a par value of $10 per share. The aggregate amount of the aforesaid approved share capital comprised only ordinary shares, and $200,000 thereof was retained for the execution of employee stock options, divided into 20,000 thousand shares with a par value of $10 per share. As of December 31, 2023 and 2022, the Company has issued 330,780 thousand shares and 330,780 thousand shares, respectively, all of which have been paid up upon issuance.

(ii) Capital surplus

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding. The capital reserve transferred from the paid-in capital in excess of par value shall be capitalized in the subsequent year after such capital reserve has been authorized for registration by the regulator.

(iii) Retained earnings

1) Legal reserve

According to the R.O.C. Company Act, 10 percent of the net profit shall be allocated as legal reserve until the accumulated legal reserve equals the paid-in capital. When a company incurs no loss and the legal reserve has exceeded 25% of the Company paid-in capital, the excess may, pursuant to a resolution reached in a shareholders' meeting, be used to increase the common stock or be distributed as cash dividends.

2) Special reserve

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

3) Distribution of earnings and dividend policy

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

On May 31, 2023, the Company's meeting of Shareholders resolved to appropriate the 2022 earnings. These earnings were appropriated as follows:

	2022	
	Amount per share	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	**$ 0.22**	**72,771**

The Group incurred loss in the years ended December 31, 2023, hence there was no distributable earning. The related information mentioned above can be found on websites such as the Market Observation Post System.

(p) Earnings (loss) per share

(i) Basic earnings per share

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

		2023	2022
Basic earnings (loss) per share (in New Taiwan Dollars)			
Net profit (loss) attributable to ordinary shareholders of the Company	$	(37,160)	94,973
Weighted-average number of ordinary shares outstanding (in thousand shares)		330,780	330,780
Basic earnings (loss) per share (in New Taiwan Dollars)	$	(0.11)	0.29

(ii) Diluted earnings per share

		2023	2022
Basic earnings (loss) per share (in New Taiwan Dollars)			
Net profit attributable to ordinary shareholders of the Company	$	(37,160)	94,973
Weighted-average number of ordinary shares outstanding (in thousand shares)		330,780	330,780
Effect of dilutive potential ordinary shares			
employees' bonuses		-	231
Weighted average number of ordinary shares outstanding (in thousand shares)		330,780	331,011
Diluted earnings per share (in New Taiwan Dollars)	$	(0.11)	0.29

During 2023, the Company was not impacted by the effects of dilutive potential ordinary shares.

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

		2023	2022
Main Market:			
Asia	$	1,420,529	1,967,751
Europe		559,868	604,170
United States		408,489	540,851
Other		150,468	266,345
	$	2,539,354	3,379,117

Major product:			
Wired communication products	$	2,094,186	2,620,235
Wireless communication products		406,751	688,792
Repairs and maintenance revenues and others		38,417	70,090
	$	2,539,354	3,379,117

(ii) Contract balance

		December 31, 2023	December 31, 2022	January 1, 2022
Notes and trade receivables	$	247,888	1,074,532	461,737
Less: loss allowance		-	-	(120)
	$	247,888	1,074,532	461,617
Current contract liabilities	$	18,337	18,213	21,716

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

(r) Remuneration to employees and directors

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

The Company incurred net loss before tax in the years ended December 31, 2023, and thus, the Company was not required to accrue any remuneration to its employees and directors.

For the years ended December 31, 2022, the Company estimated its employee remuneration amounting to 2,392, and directors' remuneration amounting to 1,594, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2022.

(s) Financial instruments

(i) Credit risk

1) Exposure to credit risk

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

2) Concentration of credit risk

For the years ended December 31, 2023 and 2022, the amount of sales to customers that contributed over 10% of the Group's operating revenue occupied 92% and 88% of the Group's total sales revenue, respectively. As of December 31, 2023 and 2022, the notes and trade receivables due from these customers accounted for 97% and 92% of the Group's total notes and trade receivables, respectively, exposing the Group to significant concentration of credit risk. The Group's credit risk management policy is detailed in Note 6(t).

(ii) Liquidity risk

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

		Carrying amount	Contractual cash flows	1 year	1-2 years	Over 2 years
December 31, 2023						
Non-derivative financial liabilities						
Trade payables	$	197,111	(197,111)	(197,111)	-	-
Other payables		98,022	(98,022)	(98,022)	-	-
Long-term borrowings		651,032	(710,811)	(134,105)	(97,065)	(479,641)
Lease liabilities (including current and non-current)		52,412	(53,827)	(20,862)	(19,779)	(13,186)
	$	998,577	(1,059,771)	(450,100)	(116,844)	(492,827)
December 31, 2022						
Non-derivative financial liabilities						
Trade payables	$	1,085,405	(1,085,405)	(1,085,405)	-	-
Other payables		213,200	(213,200)	(213,200)	-	-
Long-term borrowings		887,335	(984,072)	(129,627)	(135,785)	(718,660)
Lease liabilities (including current and non-current)		72,100	(73,535)	(20,257)	(20,257)	(33,021)
	$	2,258,040	(2,356,212)	(1,448,489)	(156,042)	(751,681)

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

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

Unit: foreign currency in thousands

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 12,880	USD/NTD =30.735	395,867	49,920	USD/NTD =30.665	1,530,797
USD	9,008	USD/CNY =7.0974	276,832	7,170	USD/CNY =6.9637	217,992
CNY	20,136	CNY/NTD =4.33	87,189	4,268	CNY/NTD =4.366	18,634
Financial liabilities						
Monetary items						
USD	8,149	USD/NTD =30.735	250,460	28,403	USD/NTD =30.665	870,978
USD	132	USD/CNY =7.0974	4,057	178	USD/CNY =6.9637	5,412
CNY	2,523	CNY/NTD =4.33	10,925	19,741	CNY/NTD =4.366	86,189

The Group's exposure to foreign currency risk mainly arose from the translation of cash and cash equivalents, trade receivables (including related parties), other receivables, other current financial assets, long-term and short-term borrowings, trade payables (including related parties), and other payables denominated in foreign currency. Depreciation or appreciation of the USD against the NTD or the USD against CNY by 5%, as of December 31, 2023 and 2022, with all other variables remained constant, would have increased or decreased the net loss before tax for the years then ended as follows:

Unit: foreign currency in thousands

	2023	2022
USD (against the NTD)		
Appreciation 5%	$ 7,270	32,991
Depreciation 5%	(7,270)	(32,991)
USD (against the CNY)		
Appreciation 5%	13,639	10,629
Depreciation 5%	(13,639)	(10,629)
CNY (against the NTD)		
Appreciation 5%	(3,813)	(3,378)
Depreciation 5%	3,813	3,378

Since the Group uses multiple functional currencies, the amounts for foreign currency gain or loss are consolidated for presentation. For years 2023 and 2022, the foreign currency gain (loss), including realized and unrealized, amounted to $10,287 and $100,794, respectively.

2) Interest rate analysis

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

		Carrying amount	
		December 31, 2023	**December 31, 2022**
Variable rate instruments:			
Financial assets	$	613,068	570,727
Financial liabilities		(651,032)	(887,335)
	$	(37,964)	(316,608)

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

If the interest rate had increased or decreased by 0.25%, with all other variable factors remaining constant, the Group's net loss would have increased or decreased by $95 and $792 for 2023 and 2022, respectively. The basis of analysis was the same for both years, mainly due to the Group's borrowings and demand deposits at variable interest rates.

3) Other price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the other comprehensive income as illustrated below:

		2023		2022	
		Other comprehensive income, before tax	**Profit or loss before tax**	**Other comprehensive income, before tax**	**Profit or loss before tax**
5% increase	$	5,421	6,353	4,035	-
5% decrease	$	(5,421)	(6,353)	(4,035)	-

(iv) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

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

	December 31, 2023				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Private stocks	$ 127,050	-	-	127,050	127,050
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	108,410	108,410	-	-	108,410
Trade receivables	110,529	-	-	-	-
Subtotal	218,939				
Financial assets at amortized cost					
Cash and cash equivalents	1,331,694	-	-	-	-
Notes and trade receivables (including related parties)	137,359	-	-	-	-
Other receivables (including related parties)	14,420	-	-	-	-
Refundable deposits	5,757	-	-	-	-
Other financial assets	305,700	-	-	-	-
Guarantee deposits paid	5,545	-	-	-	-
Subtotal	1,794,718				
	$ 2,140,707				
Financial liabilities at amortized cost:					
Secured bank loans	$ 651,032	-	-	-	-
Trade payables	197,111	-	-	-	-
Other payables	98,022	-	-	-	-
Lease liabilities (including current and non-current)	52,412	-	-	-	-
	$ 998,577				

	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	$ 80,696	80,696	-	-	80,696
Trade receivables	21,134	-	-	-	-
Subtotal	101,830				
Financial assets at amortized cost					
Cash and cash equivalents	1,486,260	-	-	-	-
Notes and trade receivables (including related parties)	1,053,398	-	-	-	-
Other receivables (including related parties)	56,831	-	-	-	-
Refundable deposits	5,757	-	-	-	-
Other non-current assets (restricted time deposits)	21,466	-	-	-	-
Subtotal	2,623,712				
	$ 2,725,542				
Financial liabilities at amortized cost:					
Secured bank loans	$ 887,335	-	-	-	-
Trade payables	1,085,405	-	-	-	-
Other payables	213,200	-	-	-	-
Lease liabilities (including current and non-current)	72,100	-	-	-	-
	$ 2,258,040				

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

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

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

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

If the financial instruments held by the consolidated company have no active market, their fair values are presented below by category and attribute:

Unquoted equity instruments: Fair values are estimated using option pricing models (such as the Black Scholes model) and liquidity discount models (such as the Finnerty model), with the main assumption being based on market quotations from investors. The estimates have been adjusted for the discount impact due to the lack of market liquidity of the equity securities.

4) Transfers between Level 1 and Level 2

There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2023 and 2022.

5) Reconciliation of Level 3 fair values

	Non-current financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
January 1, 2023	$ 36,000	-
Profit or loss		
Profit	91,050	-
December 31, 2023	**$ 127,050**	**-**
December 31, 2022(=January 1, 2023)	**$ -**	**-**

6) Quantified information on significant unobservable inputs (Level 3) used in fair value Measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets at fair value through profit or loss-Private stock.

The Group's equity investments without an active market which are classified as Level 3 have numerous unobservable inputs. The significant unobservable inputs of equity instrument investments are not correlated to each other.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss-Private stock	Black-Scholes model and Finnerty model	Lack of market liquidity discount (24.82% as of December 31,2023)	The fair value would decrease if lack of market liquidity discount increase

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The fair value measurement of financial instruments by the Group is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results. For financial instruments classified as Level 3, changing the price to book ratio or liquidity discount would have the following effects on income:

			Income	
	Inputs	**Increase /Decrease**	**Favorable**	**Unfavorable**
December 31,2023				
Non current financial assets at fair value through profit or loss	Lack of market liquidity discount	10%	$ 16,900	(16,900)

(t) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

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

(ii) Structure of risk management

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

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

(iii) Credit risk

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

1) Trade receivables and other receivables

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

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

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

2) Investments

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

3) Guarantees

The Group's policy is to provide financial guarantees only for subsidiaries with over 50% of their voting shares held by the Group. Please refer to Note 13(a) for details of endorsements and guarantees provided by the Group for subsidiaries as of December 31, 2023 and 2022.

(iv) Liquidity risk

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

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

Bank loans are an important source of liquidity for the Group. As of December 31, 2023 and 2022, the Group's unused long term borrowings credit lines were $965,820 and $894,980, respectively. Please refer to note 6(j) for details of unused long term borrowings credit lines.

(v) Market risk

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

1) Currency risk

The Group is exposed to currency risk for sales, purchases, and borrowings denominated in a currency other than the functional currencies of the Group entities. The primary functional currencies of the Group entities are denominated in NT dollars, and there is also Renminbi.

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

2) Interest rate risk

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

3) Other market price risks

The Group is exposed to equity price risk due to the investments in listed equity securities.

(u) Capital management

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

	December 31, 2023	December 31, 2022
Total liabilities	$ 1,108,402	2,369,653
Less: Cash and cash equivalents	1,331,694	1,486,260
Net liabilities (assets)	**$ (223,292)**	**883,393**
Total equity	**$ 3,150,714**	**3,233,958**
Net liability-to-equity ratio	**-%**	**27%**

The net debt-to-equity ratio increased as of December 31, 2023, mainly due to the increase in accounts payable due to the end of the year with customer orders, adding materials, and the period of use.

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

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

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

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

	January 1, 2023	Cash Flow	Non-cash changes: Increase	Non-cash changes: lease modification	December 31, 2023
Long-term borrowings	$ 887,335	(236,303)	-	-	651,032
Lease liabilities	72,100	(19,931)	1,204	(961)	52,412
Total amount of liabilities arising from financing activities	$ 959,435	(256,234)	1,204	(961)	703,444

	January 1, 2022	Cash Flow	Non-cash changes: Increase	Non-cash changes: lease modification	December 31, 2022
Short-term borrowings	$ 92,340	(92,340)	-	-	-
Long-term borrowings	952,453	(65,118)	-	-	887,335
Lease liabilities	110,224	(22,175)	1,309	(17,258)	72,100
Other non-current liabilities	283	(283)	-	-	-
Total amount of liabilities arising from financing activities	$ 1,155,300	(179,916)	1,309	(17,258)	959,435

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are related parties that had transactions with the Group during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Company
D-Link Corporation	Parent Company(Note1)
D-Link International Pte Ltd. (D-Link International)	Subsidiary of D-Link Corporation(Note1)
TeamF1 Networks Private Limited (TeamF1 India)	Subsidiary of D-Link Corporation
D-Link (Shanghai) Co., Ltd.	Subsidiary of D-Link Corporation(Note1)
Young Syun Investment Co., Ltd.	Other related parties(Note2)
Amigo Technology Inc.	Other related parties

SAPIDO TECHNOLOGY INC.	Other related parties
All Directors, general manager, and deputy general manager	Key management personnel

(Note1)D-Link Corporation acquired control of the company on April 1, 2023, and changed from an individual with significant influence on the company to the parent company of the company from April 1, 2023.

(Note2)Young Syun Investment Co., Ltd has been merged with Taiwan Network Group United Co., Ltd and changed from an affiliated company controlled by the same parent company to a substantive party on December 4, 2023.

(b) Significant transactions with related parties

(i) Sales to related parties

The amounts of significant sales by the Group to related parties and the outstanding balances are as follows:

	Sales		Trade receivables due from related parties	
	2023	**2022**	**December 31, 2022**	**December 31, 2022**
D-Link International	$ 516	12,721	-	-
D-link Corporation	1,166,651	1,433,533	92,106	452,538
D-Link (Shanghai)	283,282	182,255	18,423	91,775
Amigo	2,564	44,200	25	8,860
	$ 1,453,013	**1,672,709**	**110,554**	**553,173**

The collection period of goods sold by the Group to related parties was mainly 90 days after delivery and might be extended if necessary. For most third parties, the collection period was open account 60 days. The price for sales to the above related parties was determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

(ii) Purchases from related parties

	Purchases		Trade payables due from related parties	
	2023	**2022**	**December 31, 2022**	**December 31, 2022**
D-link Corporation	178	-	-	-
Amigo	17,444	-	5,788	-
	$ 17,622	**-**	**5,788**	**-**

(iii) Payment to related parties

Miscellaneous expenses paid to related parties and the outstanding balances were as follows:

	Miscellaneous expenses		Other payables	
	2023	2022	December 31, 2022	December 31, 2021
D-Link Corporation	$ 3,604	803	-	-
Other related parties	65	-	-	-
TeamF1 India	9,157	12,316	-	908
	$ 12,826	13,119	-	908

(iv) Received from related parties

Advances received by the Group from related parties netting to operation expense are set out below:

	Miscellaneous income		Other receivables	
	2023	2022	December 31, 2023	December 31, 2022
D-Link Corporation	$ 9,524	8,278	7,822	1,864
D-Link International	502	160	-	25
Amigo	-	2,652	-	-
	$ 10,026	11,090	7,822	1,889

(v) Borrowings from Related Parties

The Company’ s non-interest-bearing borrowing of funds from related parties in 2022 and 2021,

	Highest balance of financing to other parties during the period	Interest Expense
	December 31, 2022	2022
Young Syun	$ 100,000	480

The interest rate of capital financing interconnection is 1%, and the consolidated company does not provide collateral, as of December 31, 2022, it has been fully repaid, and has not borrowed money from related persons in 2023.

(vi) Leases

Since November 1, 2021, the Company has leased part of the Tainan plant to its related parties D-Link Corporation, and the rent has been collected monthly, and the rental income for the 2023 and 2022 is 2,371 respectively, and the relevant amounts have been recovered as of December 31, 2023.

(c) Key management personnel transactions

Key management personnel' s compensation comprised:

	2023	2022
Short-term employee benefits	$ 12,551	16,560
Post-employment benefits	162	171
	$ 12,713	16,731

(8) Pledged assets:

The carrying amounts of the assets which the Group pledged as collateral were as follows:

Asset Name	Pledged to secure	December 31, 2023	December 31, 2022
Other non-current assets－restricted time deposits	Payment guarantee for suppliers	$ -	21,466
Property, plant, and equipment－land	Long-term bank loans	346,639	346,639
Property, plant, and equipment－buildings and construction	Long-term bank loans	929,171	960,143
		$ 1,275,810	1,328,248

(9) Commitments and contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

(a) The summary of current-period employee benefits, depreciation, and amortization, by function, was as follows:

By function / By item	For the years ended December 31					
	2023			2022		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	181,618	201,912	383,530	201,623	217,191	418,814
Labor and health insurance	21,048	17,046	38,094	19,350	18,094	37,444
Pension	8,280	11,293	19,573	7,939	12,462	20,401
Others	19,559	10,308	29,867	23,170	11,662	34,832
Depreciation	96,552	32,227	128,779	101,206	32,589	133,795
Amortization	67	3,401	3,468	1,943	4,992	6,935

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Group for the as of December 31, 2023:

(i) Loans to other parties:

Units: foreign currency in thousands

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 4)	Maximum limit of fund financing (Note 4)
													Item	Value		
1	Perfect choice Co., Ltd.	The Company	Other receivables	Yes	85,456	76,838	-	-	2	-	Working capital for parent	-		-	58,198	58,198
	〃	Huge Castle Ltd	〃	〃	8,618	-	-	-	〃	-	Working capital for parent	-		-	58,198	58,198
2	Luis Jo'se Investments Inc.	Huge Castle Ltd	〃	〃	8,618	-	-	-	〃	-	Working capital for parent	-		-	17,316	17,316
3	Qianjin Investment Co., Ltd	The Company	〃	〃	38,000	-	-	1.105%	〃	-	Working capital for parent	-		-	60,102	60,102
4	Huge Castle Ltd	The Company	〃	〃	92,205	92,205	92,205	-	〃	-	Working capital for paren	-		-	119,557	119,557

Note 1: The numbering is as follows:
(i) "0" represents the Company
(ii) Subsidiaries are numbered starting from "1".
Note 2: The highest balance for the period was calculated based on the exchange rate of December 31, 2023.
Note 3: 1 represents a trading counterparty; 2 indicates the necessity of short-term financing.
Note 4: According to each subsidiary's "Procedures for Loans to Other Parties", for other companies or entities having short-term financing needs, the amount of loan to a single entity shall not exceed 40% of the net worth reported in the latest financial statements as of December 31, 2023. For subsidiaries whose voting shares are 100% owned, directly or indirectly, by the parent company, or for the loans between subsidiaries, the preceding limit does not apply; however, the total amount of loans shall not exceed 40 % of the net worth reported in the latest financial statements as of December 31, 2023.
Note 5: The transactions above have already been eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Units: in thousands shares

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Harvatek Corporation	None	Financial assets at fair value through profit or loss	6,000	-	14.46%	-	14.46%	(Note 1)
〃	Stock-Covia Inc.	〃	Financial assets at fair value through profit or loss	0.4	-	5.40%	-	5.40%	(Note 2)
〃	Private Stock-ENSURE GLOBAL CORP., LTD.	〃	Non-current Financial assets at fair value through profit or loss	5,000	127,050	3.16%	127,050	3.16%	
Qianjin Investment Co., Ltd.	D-Link Corporation	Parent Company	Financial assets at fair value through other comprehensive income	5,434	108,410	0.91%	108,410	0.91%	

Note 1: Harvatek Corporation has been delisted since October 27, 2008, and the initial investment cost of it amounting to $60,000 has been fully recognized as loss by the Company.
Note 2: The investment in Covia Inc. investment valued at impairment loss amounting to $13,211, and the impairment loss has been fully recognized by the Company.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

			Transaction details				Transactions with terms different from others		Notes/Trade receivables (payables)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	Note
The Company	D-Link Corporation	Parent Company	Sale	(1,166,651)	(46)%	90 days after delivery	Note1	Note1	Trade receivables 92,106	37%	
〃	D-Link Shiang-Hai	Subsidiary of D-link Corporation	Sale	(283,282)	(11)%	90 days after delivery	Note1	Note1	Trade receivables 18,423	7%	

Note1: The collection period of goods sold by the Group to related parties was mainly 90 days after delivery and might be extended if necessary. For most third parties, the collection period was open account 60 days. The price for sales to the above related parties was determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

				Intercompany transactions			
No.	Name of company	Name of counter-party	Nature of relationship	Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Huge Castle Ltd	1	Other payables	92,205 (CNY21,292)	Within one year subject to availability of funds	2%
1	Perfect Choice Co Ltd.	Suzhou Soarnex Technology Co., Ltd	3	Research and development expenses	38,618 (CNY8,740)	Not significantly different from the payment to ordinary vendors	2%
2	Huge Castle Ltd	The Company	2	Other receivables	92,205 (CNY21,292)	Within one year subject to availability of funds	2%
3	Suzhou Soarnex Technology Co., Ltd	Perfect Choice Co Ltd.	3	Sales	38,618 (CNY8,740)	Not significantly different from the payment to ordinary customers	2%

Note 1: Parties to the intercompany transactions are identified and numbered as follows:
(i) "0" represents the Company
(ii) Subsidiaries are numbered starting from "1".
Note 2: Categories of relationship are as below:
1 represents parent to subsidiary
2 represents subsidiary to parent
3 represents subsidiary to subsidiary
Note 3: The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

Unit: in thousands shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Huge Castle Ltd.	Samoa	Investment holding	295,006	515,592	9,330	100.00%	298,896	100.00%	(24,431)	(24,431)	Note1
〃	Qianjin Investment Co., Ltd.	Taiwan	Investment holding	270,000	270,000	27,000	100.00%	150,256	100.00%	1,348	1,348	〃
Less: Unrealized profits (losses) of affiliates								(65)				
								449,087			(23,083)	
Qianjin Investment Co., Ltd.	Soarnex Holding Co., Ltd.	Taiwan	International trade	-	24,000	-	-%	-	100.00%	(13)	(13)	Note2
Soarnex Technology Corporation	Soarnex holding Co., Ltd.	Samoa	Investment holding	-	0.03	-	-%	-	100.00%	-	-	Note1 and 4
Huge Castle Ltd.	Perfect Choice Co., Ltd.	Mauritius	Investment holding and trading	(16,261)	141,739	10	100.00%	145,496	100.00%	(23,566)	(23,566)	Note1 and 5
〃	Luis Jo'se Investments Inc.	The British Virgin Islands	Investment holding	43,673	43,673	1,362	100.00%	43,291	100.00%	1,749	1,749	Note1
〃	CAMEO International Ltd.	Samoa	Import and export trade	-	0.03	-	-%	-	100.00%	(1)	(1)	Note1 and 3

Note1：The transactions on the left has already been eliminated in the consolidated financial statements.

Note2: SOARNEX TECHNOLOGY CORPORATION was dissolved by a resolution of the board of directors on August 9, 2022, and obtained the approval letter of the Taipei City Government on August 15, 2022, and has begun the liquidation procedure. The liquidation procedure was completed on April 24, 2023.

Note3: CAMEO International Ltd. has been liquidated and cancelled by a resolution of the board of directors in January 2023. The liquidation procedure was completed on March 9, 2023 and remitted the liquidation surplus to Huge Castle Ltd.

Note4: Soarnex Holding Co., Ltd. was automatically deregistered in 2020 because was not pay the annual fee. And the parent company, SOARNEX TECHNOLOGY CORPORATION completed its liquidation on April 24, 2023.

Note5: Due to the large difference between the original investment exchange rate and the base date of the capital reduction, the original investment amount of Perfect Choice Co., Ltd. was negative in the original currency of US$100 thousand.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other informatio

Unit: foreign currency in thousands

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumulated remittance earnings as in current period	Note
					Outflow	Inflow								
Cameo Technology Developement (Shenzhen) Co.,Ltd.	R&D for communications technology and products	- (USD-)	Indirect investments in Mainland China through companies registered in a third region.	17,175 (USD500)	-	5,543 (USD 177)	11,632 (USD323)	-	-	-%	NA	(Note 3)	-	(Note 3)
NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Production, processing, and sale of electronic communications equipment	- (USD-)	〃	141,739 (USD2,653)	-	83,705 (USD2,653)	58,034 (USD0)	(9,916)	-	100%	(9,916)	-	291,885 (USD9,646)	(Notes 2、7、8、9、10、11、12 and 13)
WIDE VIEW TECHNOLOGY INC.	R&D, production, and sale of electronic components	- (USD-)	〃	20,923 (USD663)	-	-	20,923 (USD663)	N/A	-	-%	NA	(Note 4)	-	(Note 4)
Suzhou Soarnex Technology Co., Ltd	Software development and software services for computer information systems	22,064 (CNY 5,000)	〃	-	-	-	-	1,003	100	100%	1,003	25,137	-	(Notes 2 and 5)

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
90,589 (US$986)	103,766 (US$1,108)	1,890,428

Note 1: The investment limit in Mainland China was calculated based on the official document No.006130 announced by the MOEAIC on November 16, 2001.

Note 2: The investment income (loss) were based on the financial statements audited by the Company's accountants and was accounted for using the equity method.

Note 3: Cameo Technolog Developement (Shenzhen) Co., Ltd. completed its liquidation and in March 2012, and the payment for shares of US$177 thousand, was refunded to Huge Castle Ltd on November 28, 2013 with the approval of the Investment Commission, Ministry of Economic Affairs.

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

Note 5: It was an investment by NETTECH TECHNOLOGY (SUZHOU) CO., LTD based in Mainland China through self-funding. In August 2019, NETTECH TECHNOLOGY transferred 100% of the shareholdings to Luis Jo'se Investment.

Note 6: The transaction on the left has already been eliminated in the consolidated financial statements.

Note 7: A resolution was passed in NETTECH TECHNOLOGY (SUZHOU) CO., LTD ‘s meeting of board of Director on December 8 2020,and reduced its capital and the payment for shares of US$25,000 thousand, with reduction ratios of 90.20%. The relevant statutory registration procedures have been completed on February 11, 2022, was repaid to Perfect Choice Co.,Ltd. On February 21, 2022.

Note 8: A resolution was passed in Perfect Choice Co.,Ltd.'s meeting of board of Director on April 29 2022,and reduced its capital and the payment for shares of US$22,000 thousand, with reduction ratios of 81.48%. The base date of the capital reduction was April 29, 2022, was repaid to Huge Castle Ltd. On June 22, 2022.

Note 9: A resolution was passed in Huge Castle Ltd.'s meeting of board of Director on March 16 2022,and reduced its capital and the payment for shares of US$22,000 thousand, with reduction ratios of 57.30%. The base date of the capital reduction was June 8, 2022, was repaid to the Company On June 23, 2022, which was approved by the Investment Review Committee of the Ministry of Economic Affairs on July 5, 2022.

Note 10: NETTECH TECHNOLOGY (SUZHOU) CO., LTD handled the repatriation of a surplus of US$13,219 thousand to Perfect Choice Co.,Ltd. in the third quarter of 2022; Perfect Choice Co.,Ltd. repatriated a surplus of US$13,057 to Huge Castle Ltd. in the third quarter of the 2022 ; Huge Castle Ltd. remitted a surplus of $271,678 thousand (US$9,003 thousand) to the Company on September 2, 2022, and the investment income repatriated to Taiwan was $271,678 thousand (US$9,003 thousand) in 2022.

Note 11: NETTECH TECHNOLOGY (SUZHOU) CO., LTD handled the repatriation of a surplus of US$8,240 and US$2,678 thousand to Perfect Choice Co.,Ltd. in the second and third quarter of 2023.And NETTECH TECHNOLOGY (SUZHOU) CO., LTD has been liquidated and cancelled by a resolution of the board of directors in November 2022, and the liquidation procedure has completed on August 31,2023. Perfect Choice Co.,Ltd handled the repatriation of a surplus of US$2,862 thousand to Huge Castle Ltd in the quarter of 2023. Huge Castle Ltd handled the repatriation of a surplus of $20,207 thousand (US$643 thousand) in 2023.

Note 12: A resolution was passed in Perfect Choice Co., Ltd.'s meeting of board of Director on October 6 2023, and reduced its capital and the payment for shares of US$4,900 thousand, with reduction ratios of 98%. The base date of the capital reduction was November 13, 2023, was repaid to Huge Castle Ltd. On December 20, 2023.

Note 13: A resolution was passed in Huge Castle Ltd's meeting of board of Director on November 7 2023, and reduced its capital and the payment for shares of US$7,068 thousand, with reduction ratios of 43.10%. The base date of the capital reduction was November 30, 2023, was repaid to the Company On December 20, 2023, which was approved by the Investment Review Committee of the Ministry of Economic Affairs on January 24, 2024. As of December 31, 2023, the original investment amount of NETTECH TECHNOLOGY (SUZHOU) CO., LTD has been fully remitted to Parent Company. The cumulative investment amount of 58,034 thousand exported from Taiwan at the end of the period represents the exchange rate difference between the original investment amount and the amount repatriated to Taiwan.

(iii) Significant transactions:

The significant inter-company transactions with investees in Mainland China for the year ended 2023, direct or indirect, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Unit: Share

Shareholding / Shareholder's Name	Shares	Percentage
D-Link Corporation	137,532,993	41.58%

(14) Segment information:

(a) General information

The Group allocates resources, and measures operating performance based on regular reviews made by chief operating decision makers. The Group is a single operating segment primarily engaged in the manufacture, processing, and trading of network system equipment and the components thereof. The disclosure of income (loss), assets, and liabilities is consistent with the preparation of the consolidated financial statements. Accounting policies for the operating segments correspond to those stated in Note 4.

(b) Information on products and services

Item	2023	2022
Wired communications products	$ 2,094,186	2,620,235
Wireless communications products	406,751	688,792
Repairs and maintenance revenues and others	38,417	70,090
	$ 2,539,354	**3,379,117**

(c) Geographic information

Segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Geographic information	2023	2022
Asia	$ 1,420,529	1,967,751
Europe	559,868	604,170
United States	408,489	540,851
Other	150,468	266,345
	$ 2,539,354	**3,379,117**

Non-current assets:

Geographic information	2023	2022
Taiwan	$ 1,427,376	1,543,153
Mainland China	1,248	2,278
	$ 1,428,624	**1,545,431**

Non-current assets include property, plant and equipment, intangible assets, other non-current assets, and refundable deposits paid, excluding financial instruments, net defined benefit assets, and deferred tax assets.

(d) Major customers

	2023		2022	
	Amount	**Percentage of total consolidated revenue(%)**	**Amount**	**Percentage of total consolidated revenue(%)**
KK	$ 1,450,449	57	1,628,510	48
PP	344,681	14	488,622	14
EE	281,767	11	531,185	16
TR	249,307	10	341,697	10
	$ 2,326,204	**92**	**2,990,014**	**88**