

**CAMEO COMMUNICATIONS, INC.****Financial Statements****With Independent Auditors' Report  
For the Years Ended December 31, 2024 and 2023**

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The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

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## 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 sheet as of December 31, 2024 and 2023, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material 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, 2024 and 2023, 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 audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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

For the accounting policies for revenue, please refer to Note 4(n); for disclosures regarding revenue recognition, please refer to Note 6(r).

### 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 audits:

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 reconciling 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 thereof to assess if there were material anomalies; conducting a sampling of sales transactions and checking the relevant certificates; assessing 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(f).

### 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 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 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 and conducting a sampling procedure; understanding the net realizable value basis adopted by management, and select appropriate samples for testing 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 with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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 Hsin, Yu-Ting and Chien, Szu-Chuan.

KPMG

Taipei, Taiwan (Republic of China)

February 25, 2025

#### **Notes to Readers**

The accompanying financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)  
CAMEO COMMUNICATIONS, INC.

Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 582,001	14	1,081,550	25	2170	Trade payables	\$ 347,083	8	191,323	5
1170	Trade receivables, net (notes 6(e) and 6(s))	111,693	3	137,334	3	2180	Trade payables to related parties (note 7)	-	-	5,788	-
1180	Trade receivables due from related parties, net (notes 6(e), 6(s) and 7)	320,098	8	110,554	3	2200	Other payables	106,508	3	88,543	2
1200	Other receivables (note 6(f))	5,770	-	6,036	-	2220	Other payables to related parties (note 7)	619	-	92,205	2
1210	Other receivables due from related parties (notes 6(f) and 7)	4,467	-	7,832	-	2250	Current provisions (note 6(n))	4,410	-	5,905	-
1220	Current tax assets	2,511	-	1,225	-	2280	Current lease liabilities (note 6(m))	19,201	-	20,011	-
1310	Inventories, net (note 6(g))	556,415	13	606,526	14	2305	Other current liabilities (note 6(s))	67,422	2	70,729	2
1476	Other current financial assets (note 6(a))	277,500	7	300,000	7	2320	Long-term borrowings, current portion (notes 6(l) and 8)	87,032	2	122,151	3
1470	Other current assets	17,713	-	17,640	-			632,275	15	596,655	14
		1,878,168	45	2,268,697	52						
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	279,615	7	127,050	3	2540	Long-term borrowings (notes 6(l) and 8)	441,849	11	528,881	11
1517	Non-current financial assets at fair value through other comprehensive income (note 6(d))	100,019	3	-	-	2570	Deferred tax liabilities (note 6(p))	2,482	-	32,055	1
1550	Investments accounted for using equity method (note 6(h))	462,313	11	449,087	11	2580	Non-current lease liabilities (note 6(m))	13,034	-	32,401	1
1600	Property, plant and equipment (notes 6(i) and 8)	1,303,021	32	1,359,493	31			457,365	11	593,337	13
1755	Right-of-use assets (note 6(j))	32,206	1	52,194	1		<b>Total liabilities</b>	1,089,640	26	1,189,992	27
1780	Intangible assets (note 6(k))	19,591	-	10,436	-		<b>Equity (note 6(q)):</b>				
1840	Deferred tax assets (note 6(p))	2,482	-	32,055	1	3110	Ordinary shares	3,307,792	80	3,307,792	76
1975	Net defined benefit assets, non-current (note 6(o))	40,500	1	36,441	1	3300	Retained earnings	(185,560)	(4)	(24,640)	-
1990	Other non-current assets	5,485	-	5,253	-	3400	Other equity	(88,472)	(2)	(132,438)	(3)
		2,245,232	55	2,072,009	48		<b>Total equity</b>	3,033,760	74	3,150,714	73
<b>Total assets</b>		\$ 4,123,400	100	4,340,706	100	<b>Total liabilities and equity</b>		\$ 4,123,400	100	4,340,706	100

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)  
CAMEO COMMUNICATIONS, INC.

Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

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

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(s) and 7)	\$ 1,184,288	100	2,539,354	100
5000	Operating costs (notes 6(g), 6(k), 6(o), 7 and 12)	<u>1,165,136</u>	<u>98</u>	<u>2,366,059</u>	<u>93</u>
	Gross profit	<u>19,152</u>	<u>2</u>	<u>173,295</u>	<u>7</u>
6000	Operating expenses (notes 6(k), 6(o), 7 and 12):				
6100	Selling expenses	46,419	4	65,063	3
6200	Administrative expenses	69,816	6	84,684	3
6300	Research and development expenses	<u>178,598</u>	<u>15</u>	<u>148,394</u>	<u>6</u>
		<u>294,833</u>	<u>25</u>	<u>298,141</u>	<u>12</u>
6900	Net operating loss	<u>(275,681)</u>	<u>(23)</u>	<u>(124,846)</u>	<u>(5)</u>
7000	Non-operating income and expenses:				
7050	Finance costs (notes 6(m) and 7)	(13,338)	(1)	(16,111)	-
7100	Interest income	19,418	2	12,596	-
7190	Other income (note 7)	23,979	2	19,889	1
7210	Losses on disposals of property, plant and equipment	-	-	(504)	-
7230	Foreign exchange gains	20,403	2	10,548	-
7235	Net gains on financial assets at fair value through profit or loss (note 6(b))	90,928	7	86,269	4
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method (note 6(h))	(30,734)	(3)	(23,083)	(1)
7228	Gains on lease modification (note 6(j))	540	-	289	-
7590	Other loss	<u>-</u>	<u>-</u>	<u>(2,063)</u>	<u>-</u>
		<u>111,196</u>	<u>9</u>	<u>87,830</u>	<u>4</u>
7900	Loss from continuing operations before tax	(164,485)	(14)	(37,016)	(1)
7950	Less: Income tax expenses (note 6(o))	<u>71</u>	<u>-</u>	<u>144</u>	<u>-</u>
	Loss	<u>(164,556)</u>	<u>(14)</u>	<u>(37,160)</u>	<u>(1)</u>
8300	Other comprehensive (loss) income:				
8310	Items that may not be reclassified to profit or loss (note 6(o))				
8311	Gains on remeasurements of defined benefit plans	3,636	-	249	-
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	29,888	3	27,714	1
8349	Income tax related to items that may not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that may not be reclassified to profit or loss	<u>33,524</u>	<u>3</u>	<u>27,963</u>	<u>1</u>
8360	Items that may be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	14,059	1	(1,276)	-
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	19	-	-	-
8399	Income tax related to items that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that may be reclassified to profit or loss	<u>14,078</u>	<u>1</u>	<u>(1,276)</u>	<u>-</u>
8300	Other comprehensive income (loss)	<u>47,602</u>	<u>4</u>	<u>26,687</u>	<u>1</u>
8500	Total comprehensive income (loss)	<u>\$ (116,954)</u>	<u>(10)</u>	<u>(10,473)</u>	<u>-</u>
	Basic earnings per share (expressed in NTD) (note 6(r))				
9750	Basic loss per share	<u>\$ (0.50)</u>		<u>(0.11)</u>	
9850	Diluted loss per share	<u>\$ (0.50)</u>		<u>(0.11)</u>	

See accompanying notes to financial statements.



(English Translation of Financial Statements Originally Issued in Chinese)  
**CAMEO COMMUNICATIONS, INC.**

## Statements of Changes in Equity

**For the years ended December 31, 2024 and 2023**

(Expressed in Thousands of New Taiwan Dollars)

						Other equity			
						Unrealized losses on financial assets measured at fair value through other comprehensive income			
	Ordinary shares	Legal reserve	Special reserve	Accumulated deficits	Retained Earnings	Exchange differences on translation of foreign financial statements	Total other equity	Total equity	
Balance at January 1, 2023	\$ 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
Appropriation and distribution of retained earnings:									
Legal reserve used to offset accumulated deficits	-	(8,504)	-	8,504	-	-	-	-	-
Reversal of special reserve	-	-	(1,224)	1,224	-	-	-	-	-
	-	(8,504)	(1,224)	9,728	-	-	-	-	-
Loss for the year ended December 31, 2024	-	-	-	(164,556)	(164,556)	-	-	-	(164,556)
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	3,636	3,636	14,059	29,907	43,966	47,602
Total comprehensive income(loss) for the year ended December 31, 2024	-	-	-	(160,920)	(160,920)	14,059	29,907	43,966	(116,954)
Balance at December 31, 2024	\$ 3,307,792	-	-	(185,560)	(185,560)	(27,592)	(60,880)	(88,472)	3,033,760

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)  
CAMEO COMMUNICATIONS, INC.

Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
<b>Cash flows from (used in) operating activities:</b>		
Loss before tax	\$ (164,485)	(37,016)
<b>Adjustments:</b>		
Adjustments to reconcile (loss) profit:		
Depreciation expense	92,852	128,388
Amortization expense	2,631	3,468
Net gain on financial assets at fair value through profit or loss	(90,928)	(91,050)
Interest expense	13,338	16,111
Interest income	(19,418)	(12,596)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	30,734	23,083
Losses on disposal of property, plant and equipment	-	504
Others	(553)	(134)
<b>Total adjustments to reconcile profit</b>	<b>28,656</b>	<b>67,774</b>
<b>Changes in operating assets and liabilities:</b>		
Decrease in trade receivables	25,641	383,510
(Increase) decrease in trade receivables due from related parties	(209,544)	442,619
Decrease in other receivables	4,438	27,264
Decrease in inventories	50,111	604,819
Increase in net defined benefit assets	(423)	(460)
(Increase) decrease in other operating assets	(73)	23,015
<b>Total changes in operating assets</b>	<b>(129,850)</b>	<b>1,480,767</b>
Increase (decrease) in trade payables	155,760	(894,080)
(Decrease) increase in trade payables to related parties	(5,788)	5,788
Increase (decrease) in other payables (including related parties)	18,672	(68,477)
(Decrease) increase in other operating liabilities	(4,802)	29,187
<b>Total changes in operating liabilities</b>	<b>163,842</b>	<b>(927,582)</b>
<b>Total changes in operating assets and liabilities, net</b>	<b>33,992</b>	<b>553,185</b>
<b>Total adjustments</b>	<b>62,648</b>	<b>620,959</b>
Cash (outflow) inflow generated from operations	(101,837)	583,943
Interest received	18,611	11,612
Dividends received	-	20,207
Interest paid	(13,426)	(16,227)
Income taxes paid	(1,357)	(826)
<b>Net cash flows (used in) from operating activities</b>	<b>(98,009)</b>	<b>598,709</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(100,000)	-
Acquisition of financial assets at fair value through profit or loss	(61,637)	(36,000)
Acquisition of property, plant and equipment	(15,484)	(19,918)
Proceeds from disposal of property, plant and equipment	111	125
(Increase) decrease in refundable deposits	(232)	192
Acquisition of intangible assets	(11,786)	(2,257)
Decrease (increase) in other financial assets	22,500	(278,534)
Decrease in other non-current assets	-	5,638
Capital returned by subsidiaries on capital reduction	-	220,946
<b>Net cash flows used in investing activities</b>	<b>(166,528)</b>	<b>(109,808)</b>
<b>Cash flows from (used in) financing activities:</b>		
Proceeds from long-term borrowings	20,000	-
Repayments of long-term borrowings	(142,151)	(236,303)
(Decrease) increase in other payables to related parties	(92,205)	54,205
Payment of lease liabilities	(20,656)	(19,931)
Cash dividends paid	-	(72,771)
<b>Net cash flows used in financing activities</b>	<b>(235,012)</b>	<b>(274,800)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(499,549)</b>	<b>214,101</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,081,550</b>	<b>867,449</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 582,001</b>	<b>1,081,550</b>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**CAMEO COMMUNICATIONS, INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2024 and 2023**

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

**(1) Company history**

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

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

The financial statements were authorized for issue by the Board of Directors on February 25, 2025.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. 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, 2024:

- 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”

- (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, 2025, would not have a significant impact on its financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

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

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>• A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities.</li> <li>• Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>• Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

Standards or Interpretations	Content of amendment	Effective date per IASB
Annual Improvements to IFRS Accounting Standards—Volume 11	<p>The amendments set out:</p> <ol style="list-style-type: none"> <li>IFRS 1 “First-time Adoption of International Financial Reporting Standards”: <p>The amendments address a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 Financial Instruments.</p> </li> <li>IFRS 7 “Financial Instruments: Disclosures”: <p>The amendments address a potential confusion in IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued.</p> </li> <li>IFRS 9 “Financial Instruments”: <ul style="list-style-type: none"> <li>Derecognition of a lease liability <p>The IASB’s amendment states that if a lease liability is derecognized, then the derecognition will be accounted for under IFRS 9, (i.e. the difference between the carrying amount and the consideration paid is recognized in profit or loss). However, when a lease liability is modified, the modification will be accounted for under IFRS 16 Leases.</p> </li> <li>Transaction price <p>The amendments require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15 Revenue from Contracts with Customers. The amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured.</p> </li> </ul> </li> </ol>	January 1, 2026

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

Standards or Interpretations	Content of amendment	Effective date per IASB
	4. IFRS 10 “ Consolidated Financial Statements”: The amendments clarify the determination of a ‘de facto agent’.	
	5. IAS 7 “Statement of Cash Flows”: The amendments address a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term ‘cost method’.	

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

**(4) Summary of material accounting policies:**

The material accounting policies presented in the financial statements are summarized as below. The following accounting policies were applied consistently throughout the periods presented in the 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

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

- 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, limited as explained in Note 4(o).

(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.

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(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 non-controlling 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

The Company classifies the asset 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.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

- (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 the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(Continued)



## CAMEO COMMUNICATIONS, INC.

### Notes to the Financial Statements

(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 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)—debt investment; 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 (SPPI) 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.

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

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.

(Continued)

## CAMEO COMMUNICATIONS, INC.

### Notes to the Financial Statements

#### 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), FVOCI–debt investment and contract assets.

The Company measures loss allowances at an amount equal to lifetime 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 ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL 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 ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECL 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). ECL are discounted at the effective interest rate of the financial asset.

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## CAMEO COMMUNICATIONS, INC.

### Notes to the Financial Statements

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. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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.

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(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.

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(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.

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

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

1) buildings and construction	4~35 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

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

(iv) As a lessee

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.

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

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 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.

(Continued)



**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(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 cash-generating units (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.

(Continued)

**CAMEO COMMUNICATIONS, INC.****Notes to the Financial Statements****(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**

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the 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.

The Company's obligation to provide a refund for faulty goods under the standard warranty terms is recognized as a provision for warranty. Please refer to note 6(m).

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) Service Revenue**

Service revenue primarily consists of product development service revenue and maintenance service revenue. Product development services are provided based on the contract specifications and functional requirements agreed upon with the customer. The related revenue is recognized upon the delivery of each performance obligation.

**(iii) 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.

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**CAMEO COMMUNICATIONS, INC.****Notes to the Financial Statements****(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.

(Continued)

## CAMEO COMMUNICATIONS, INC.

### Notes to the Financial Statements

(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 at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (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.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, 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:

(Continued)

## CAMEO COMMUNICATIONS, INC.

### Notes to the Financial Statements

- 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 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:**

In preparing these financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

There are no critical judgments in applying the accounting policies that have 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:

(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. The Company estimates the net realizable value of inventory for normal waste, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on the assumptions of future demand within a specific time horizon. Therefore, significant changes may occur due to the rapid industrial changes, leading to valuation uncertainty.

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Foreign currencies on hand and petty cash	\$ 676	618
Check and demand deposits	99,576	489,132
Time deposits	392,585	591,800
Cash equivalents - repurchase agreement	89,164	-
	<b><u>\$ 582,001</u></b>	<b><u>1,081,550</u></b>

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

As of December 31, 2024 and 2023, the Company's time deposits more than three months recognized as other non-current financial assets amounted to \$277,500 and \$300,000, respectively.

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Private placement shares of domestic listed company	\$ 220,900	127,050
Common shares of domestic listed company	58,715	-
Total	<b><u>\$ 279,615</u></b>	<b><u>127,050</u></b>

- (i) In 2024, the Company purchased 855 thousand ordinary shares of TMP Steel Corporation and 1,232 thousand ordinary shares of S-TECH CORP. in the public market, with investment costs of \$23,110 and \$38,527, respectively.
- (ii) On December 4, 2023, the Company participated in the private placement of 5,000 ordinary shares of King House CO., LTD. (formerly known as ENSURE GLOBAL CORP., LTD.) with a par value of NTD7.2 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.
- (iii) For the years ended December 31, 2024 and 2023, the Company's gains on financial assets at fair value through profit and loss amounted to \$90,928 and \$91,050, respectively.
- (iv) Please refer to note (t) for exposures to credit risk and market risk.
- (v) As of December 31, 2024 and 2023, the Company did not provide any aforementioned financial assets as collateral for its loans.

(Continued)

# CAMEO COMMUNICATIONS, INC.

## Notes to the Financial Statements

(c) Financial assets measured at fair value through other comprehensive income

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Debt investments at fair value through other comprehensive income:		
Taipei Fubon Commercial Co., Ltd. Bank 3rd issue of Senior Unsecured Financial Debentures in 2024 (Domestic bank green bonds - P13 Taipei Fubon Bank 3)	<b>\$ <u>100,019</u></b>	<b><u>-</u></b>

(i) Debt investments at fair value through other comprehensive income

- 1) The Company has assessed the securities shown above as debt investments at fair value through other comprehensive income were held within a business model whose objective was achieved by both collecting contractual cash flows and selling securities. Therefore, they have been classified as debt investments at fair value through other comprehensive income.
- 2) On September 16, 2024, the Company acquired 10 ten-year domestic bank green bonds-P13 Taipei Fubon Bank 3 at par value of \$10,000 per bond, with a total subscription amount of \$100,000. The bond nominal interest rate is 2.02%.

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

(iii) The aforementioned financial assets were not pledged as collateral.

(d) Trade receivables (including related parties)

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Trade receivables—measured at amortized cost	\$ 111,723	137,359
Trade receivables—measured at fair value through other comprehensive income	<u>320,068</u>	<u>110,529</u>
	431,791	247,888
Less: loss allowance	<u>-</u>	<u>-</u>
Trade receivables, net	<b>\$ <u>431,791</u></b>	<b><u>247,888</u></b>
Trade receivables, net	<b>\$ <u>111,693</u></b>	<b><u>137,334</u></b>
Trade receivables due from related parties, net	<b>\$ <u>320,098</u></b>	<b><u>110,554</u></b>

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.

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# CAMEO COMMUNICATIONS, INC.

## Notes to the Financial Statements

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, 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 trade receivables were as follows:

	<b>December 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 417,364	0%	-
1~30 days past due	14,427	0%	-
	<b>\$ 431,791</b>		<b>-</b>

  

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

- (i) The Company entered into trade receivable factoring agreements with banks. Under the agreements, within the limit of the Company's credit facilities, it is not responsible for guaranteeing the debtor's solvency at the time when the claim is transferred and when the obligations are due. Thus, this is a non-recourse accounts receivable factoring. 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. In addition, the Company also need to pay a certain percentage of handling fees.

The Company did not enter into an accounts receivable factoring agreement with banks as of December 31, 2024 and 2023.

- (ii) For the years ended December 31, 2024 and 2023, the movement in the allowance for trade receivable were remained unchanged.
- (iii) The aforementioned financial assets were not pledged as collateral.

(Continued)



**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(e) Other receivables (including related parties)

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Other receivables	\$ 23,790	27,421
Less: loss allowance	<u>(13,553)</u>	<u>(13,553)</u>
	<b><u>\$ 10,237</u></b>	<b><u>13,868</u></b>
Other receivables	<b><u>\$ 5,770</u></b>	<b><u>6,036</u></b>
Other receivables due from related parties	<b><u>\$ 4,467</u></b>	<b><u>7,832</u></b>

For the years ended December 31, 2024 and 2023, the movement in the allowance for impairment loss to other receivables were remained unchanged.

(f) Inventories

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Raw materials	\$ 445,897	479,185
Work in progress and semi-finished goods	90,153	78,829
Finished goods	<u>20,365</u>	<u>48,512</u>
	<b><u>\$ 556,415</u></b>	<b><u>606,526</u></b>

(i) Operating cost were as follows:

	<b>2024</b>	<b>2023</b>
Sale of inventories	\$ 978,140	2,149,579
Write-down of inventories (Reversal of write-downs)	21,697	(16,918)
Loss on disposal of inventory	213	26,329
Loss on physical inventories	7	4
Unallocated production overheads	<u>165,079</u>	<u>207,065</u>
	<b><u>\$ 1,165,136</u></b>	<b><u>2,366,059</u></b>

(ii) For the year ended December 31, 2023, the Company reversed its allowance for losses due to the write-off of obsolete inventories and a decrease in the net realizable value of inventories below cost.

(iii) As of December 31, 2024 and 2023, the Company did not provide any inventories as collateral for its loans.

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# CAMEO COMMUNICATIONS, INC.

## Notes to the Financial Statements

(g) 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, 2024	December 31, 2023
Subsidiaries	<u>\$ 462,313</u>	<u>449,087</u>

- (i) Subsidiaries please refer to consolidated financial statements for the year ended December 31, 2024.
- (ii) The share of loss of subsidiaries accounted for using equity method amounted \$30,734 and \$23,083 for the years ended December 31, 2024 and 2023, respectively.
- (iii) The mainland subsidiary, 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 the payment of shares amounting to US\$2,678 thousand was refunded to Perfect Choice Co., Ltd. in 2023. On October 6, 2023, Perfect Choice Co., Ltd. resolved by the Board of Directors to reduce capital and return US\$4,900 thousand to shareholders, with a reduction ratio of 98%. The capital reduction date was set for November 13, 2023, and US\$4,900 thousand was remitted to Huge Castle Ltd. on December 20, 2023. On November 7, 2023, Huge Castle Ltd. resolved by the Board of Directors to reduce capital and return US\$7,068 thousand to shareholders, with a reduction ratio of 43.10%. The capital reduction date was set for November 30, 2023, and US\$7,068 thousand was remitted to the Company on December 20, 2023, and recorded on January 24, 2024.
- (iv) The mainland subsidiary, NETTECH TECHNOLOGY (SUZHOU) CO., LTD appropriated profits to Perfect Choice Co., Ltd. amounting to US\$8,240 thousand in 2023. Perfect Choice Co., Ltd. appropriated profits to Huge Castle Ltd. amounting to US\$2,862 thousand in 2023. Huge Castle Ltd. appropriated profits to the Company amounting to \$20,207 (US\$643 thousand) in 2023.
- (v) Perfect Choice Co., Ltd. has been liquidated and cancelled by a resolution of the Board of Directors in April 2024, and has applied for cancellation of registration in May 2024, and it is expected to complete its liquidation in 2024.
- (vi) As of December 31, 2024 and 2023, the Company did not provide any investment accounted for using the equity method as collateral for its loans.

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(h) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Office and other facilities</u>	<u>Lease improvements</u>	<u>Total</u>
Cost or deemed cost:							
Balance at January 1, 2024	\$ 346,639	1,127,628	535,002	5,147	64,698	23,921	2,103,035
Additions	-	-	15,131	353	-	-	15,484
Disposal and derecognition	-	(76)	(52,206)	(111)	(12,519)	-	(64,912)
Balance at December 31, 2024	<u>\$ 346,639</u>	<u>1,127,552</u>	<u>497,927</u>	<u>5,389</u>	<u>52,179</u>	<u>23,921</u>	<u>2,053,607</u>
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	<u>\$ 346,639</u>	<u>1,127,628</u>	<u>535,002</u>	<u>5,147</u>	<u>64,698</u>	<u>23,921</u>	<u>2,103,035</u>
Depreciation and impairments loss:							
Balance at January 1, 2024	\$ -	185,878	469,997	3,656	60,090	23,921	743,542
Depreciation	-	35,170	32,795	418	3,462	-	71,845
Disposal and derecognition	-	(76)	(52,206)	-	(12,519)	-	(64,801)
Balance at December 31, 2024	<u>\$ -</u>	<u>220,972</u>	<u>450,586</u>	<u>4,074</u>	<u>51,033</u>	<u>23,921</u>	<u>750,586</u>
Balance at January 1, 2023	\$ -	151,278	409,886	3,033	54,155	23,921	642,273
Depreciation	-	37,977	63,384	783	5,935	-	108,079
Disposal and derecognition	-	(3,377)	(3,273)	-	-	-	(6,650)
Transferred into (out)	-	-	-	(160)	-	-	(160)
Balance at December 31, 2023	<u>\$ -</u>	<u>185,878</u>	<u>469,997</u>	<u>3,656</u>	<u>60,090</u>	<u>23,921</u>	<u>743,542</u>
Carrying amount:							
Balance at December 31, 2024	<u>\$ 346,639</u>	<u>906,580</u>	<u>47,341</u>	<u>1,315</u>	<u>1,146</u>	<u>-</u>	<u>1,303,021</u>
Balance at December 31, 2023	<u>\$ 346,639</u>	<u>941,750</u>	<u>65,005</u>	<u>1,491</u>	<u>4,608</u>	<u>-</u>	<u>1,359,493</u>
Balance at January 1, 2023	<u>\$ 346,639</u>	<u>979,727</u>	<u>110,031</u>	<u>1,984</u>	<u>10,070</u>	<u>-</u>	<u>1,448,451</u>

(i) Impairment

The Company operates as a single operating segment and does not have any goodwill. All property, plant, and equipment are considered as one CGU.

For the years ended December 31, 2024 and 2023, the recoverable amount for estimating the fair values were based on the appraisal report of buildings and the most recent actual transaction registration information. This fair values had been assessed by comparing and adjusting the recent transaction prices of similar properties within the vicinity, and estimating the cost price adjusted for the accumulated depreciation rate of the individual building analog targets.

(Continued)

# CAMEO COMMUNICATIONS, INC.

## Notes to the Financial Statements

As of December 31, 2024 and 2023, the assessed recoverable amounts were higher than the carrying amounts of these assets, and therefore, no impairment losses were recognized.

- (ii) As of December 31, 2024 and 2023, the property, plant, and equipment of the Company had been pledged as collateral for long-term borrowings and credit lines; please refer to note 8.

(i) Right-of-use assets

The movements in cost, depreciation and impairment of leased buildings, construction and transportation equipment of the Company were as follows:

	<b>Buildings and construction</b>	<b>Transportation equipment</b>	<b>Total</b>
Cost:			
Balance at January 1, 2024	\$ 101,679	1,309	102,988
Additions	2,698	-	2,698
Decrease	(3,593)	(1,309)	(4,902)
Balance at December 31, 2024	<b>\$ 100,784</b>	<b>-</b>	<b>100,784</b>
Balance at January 1, 2023	\$ 101,147	1,309	102,456
Additions	1,204	-	1,204
Decrease	(672)	-	(672)
Balance at December 31, 2023	<b>\$ 101,679</b>	<b>1,309</b>	<b>102,988</b>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2024	\$ 49,922	872	50,794
Depreciation	20,570	437	21,007
Decrease	(1,914)	(1,309)	(3,223)
Balance at December 31, 2024	<b>\$ 68,578</b>	<b>-</b>	<b>68,578</b>
Balance at January 1, 2023	\$ 30,049	436	30,485
Depreciation	19,873	436	20,309
Balance at December 31, 2023	<b>\$ 49,922</b>	<b>872</b>	<b>50,794</b>
Carrying amount:			
Balance at December 31, 2024	<b>\$ 32,206</b>	<b>-</b>	<b>32,206</b>
Balance at December 31, 2023	<b>\$ 51,757</b>	<b>437</b>	<b>52,194</b>
Balance at January 1, 2023	<b>\$ 71,098</b>	<b>873</b>	<b>71,971</b>

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(j) Intangible assets

The cost and amortization of the intangible assets of the Company for the years ended December 31, 2024 and 2023, were as follows:

	<u>Patent</u>	<u>Computer software and others</u>	<u>Total</u>
Cost:			
Balance at January 1, 2024	\$ 6,162	179,149	185,311
Additions	406	11,380	11,786
Derecognition	<u>-</u>	<u>(11,993)</u>	<u>(11,993)</u>
Balance at December 31, 2024	<u><u>\$ 6,568</u></u>	<u><u>178,536</u></u>	<u><u>185,104</u></u>
Balance at January 1, 2023	\$ 6,023	177,313	183,336
Additions	421	1,836	2,257
Derecognition	<u>(282)</u>	<u>-</u>	<u>(282)</u>
Balance at December 31, 2023	<u><u>\$ 6,162</u></u>	<u><u>179,149</u></u>	<u><u>185,311</u></u>
Amortization:			
Balance at January 1, 2024	\$ 5,629	169,246	174,875
Amortization	526	2,105	2,631
Derecognition	<u>-</u>	<u>(11,993)</u>	<u>(11,993)</u>
Balance at December 31, 2024	<u><u>\$ 6,155</u></u>	<u><u>159,358</u></u>	<u><u>165,513</u></u>
Balance at January 1, 2023	\$ 5,269	166,420	171,689
Amortization	642	2,826	3,468
Derecognition	<u>(282)</u>	<u>-</u>	<u>(282)</u>
Balance at December 31, 2023	<u><u>\$ 5,629</u></u>	<u><u>169,246</u></u>	<u><u>174,875</u></u>
Carrying amount:			
Balance at December 31, 2024	<u><u>\$ 413</u></u>	<u><u>19,178</u></u>	<u><u>19,591</u></u>
Balance at December 31, 2023	<u><u>\$ 533</u></u>	<u><u>9,903</u></u>	<u><u>10,436</u></u>
Balance at January 1, 2023	<u><u>\$ 754</u></u>	<u><u>10,893</u></u>	<u><u>11,647</u></u>

- (i) The amortization of intangible assets for the years ended December 31, 2024 and 2023, are included in the statement of comprehensive income:

	<u>2024</u>	<u>2023</u>
Operating Costs	\$ 6	67
Operating Expenses	2,625	3,401

- (ii) As of December 31, 2024 and 2023, none of the Company's intangible assets was pledged as collateral.

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(k) Long-term borrowings

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

December 31, 2024				
	Currency	Range of interest rates	Maturity year	Amount
Secured loans	NTD	1.475%~2.235%	June 2025~May 2033	\$ 528,881
Less: current portion				(87,032)
Total				\$ 441,849
Unused credit lines				\$ 97,000

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

- (i) For the year ended December 31, 2024, the proceeds from long-term borrowings amounted to \$20,000; the repayments of long-term borrowings (including due repayments and partial early repayments) amounted to \$142,151.
- (ii) For the year ended December 31, 2023, the repayments of long-term borrowings (including due repayments and partial early repayments) amounted to \$236,303.
- (iii) Information about the Company's risk exposure associated with interest rate, foreign currency, and liquidity is included in note 6(t).
- (iv) Please see note 8 for the Company's property pledged as collateral to secure the long-term borrowings.

(l) Lease liabilities

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Current	<u>\$ 19,201</u>	<u>20,011</u>
Non-current	<u>\$ 13,034</u>	<u>32,401</u>

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

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

The amounts recognized in profit or loss were as follow:

	<b>2024</b>	<b>2023</b>
Interest expense on lease liabilities	\$ <u><b>911</b></u>	<u><b>893</b></u>
Expenses relating to short-term leases	\$ <u><b>454</b></u>	<u><b>652</b></u>
Cost of low-value leased assets	\$ <u><b>347</b></u>	<u><b>405</b></u>

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

	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	\$ <u><b>22,368</b></u>	<u><b>21,881</b></u>

(i) Real estate leases

The Company leases buildings for its office space. The leases of office space typically run for a period of 2 to 5 years. 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 for 3 years.

The Company also leased photocopying equipment with leased periods of 3 to 4 years, and dormitories with leased periods of 4 to 12 months. These leases are short-term and leases of low value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(m) Provisions

	<b>Warranty</b>
Balance at January 1, 2024	\$ <u><b>5,905</b></u>
Reversal of provision for the current period	<u><b>(1,495)</b></u>
Balance at December 31, 2024	\$ <u><b>4,410</b></u>
Balance at January 1, 2023	\$ <u><b>5,810</b></u>
Increased provision for the current period	<u><b>95</b></u>
Balance at December 31, 2023	\$ <u><b>5,905</b></u>

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.

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**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(n) Employee benefits

(i) Defined benefit plans

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Present value of the defined benefit obligations	\$ 3,430	3,373
Fair value of plan assets	(43,930)	(39,814)
Net defined benefit liabilities assets	<u><u>\$ (40,500)</u></u>	<u><u>(36,441)</u></u>

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 \$43,930 as of December 31, 2024. 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, 2024 and 2023 were as follows:

	<b>2024</b>	<b>2023</b>
Defined benefit obligations at January 1	\$ 3,373	4,112
Interest cost	45	60
Current service cost	78	76
Actuarial (gain) loss arising from financial assumptions	(66)	124
Benefits paid	-	(999)
Defined benefit obligations at December 31	<u><u>\$ 3,430</u></u>	<u><u>3,373</u></u>

(Continued)



**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

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, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Fair value of plan assets at January 1	\$ 39,814	39,844
Interest income	546	596
Remeasurements of net defined benefit assets		
-Return on plan assets (excluding current interest)	3,570	373
Benefits paid	-	(999)
Fair value of plan assets at December 31	<u>\$ 43,930</u>	<u>39,814</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Current service cost	\$ 78	76
Net interest of net defined benefit assets	(501)	(536)
	<u>\$ (423)</u>	<u>(460)</u>

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

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

	<u>2024</u>	<u>2023</u>
Cumulative amount at January 1	\$ 28,342	28,093
Recognized in current period	3,636	249
Cumulative amount at January 1	<u>\$ 31,978</u>	<u>28,342</u>

6) Actuarial assumptions

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	1.750 %	1.375 %
Future salary increase rate	2.000 %	2.000 %

(Continued)

# CAMEO COMMUNICATIONS, INC.

## Notes to the Financial Statements

The Company has suspended the allocation of its retirement reserve before August 2025, 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 8.07 years.

### 7) Sensitivity analysis

As of December 31, 2024 and 2023, the changes in main actuarial assumptions might have the following impact on the present value of the defined benefit obligation:

	<b>Influences of defined benefit obligations</b>	
	<b>Increase 0.25%</b>	<b>Decrease 0.25%</b>
December 31, 2024		
Discount rate	\$ (66)	68
Future salary increasing rate	65	(63)
December 31, 2023		
Discount rate	\$ (69)	72
Future salary increasing rate	69	(67)

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 expenses for the pension plan under the defined contribution pension plan amounted to \$13,795 and \$16,029 for the years ended December 31, 2024 and 2023, respectively, which were recorded as operating costs and expenses and were contributed to the Bureau of Labor Insurance.

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(o) Income taxes

(i) Income tax expense

- 1) The components of income tax expense for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Current tax expense	\$ 71	144
Deferred tax expense	<u>-</u>	<u>-</u>
Income tax expense	<u><u>\$ 71</u></u>	<u><u>144</u></u>

- 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, 2024 and 2023, was as follows:

	<u>2024</u>	<u>2023</u>
Net loss before tax	\$ (164,485)	(37,016)
Income tax using the Company's domestic tax rate	(32,897)	(7,403)
Tax-exempt income	(651)	(270)
Changes in unrecognized temporary differences	(5,355)	1,664
Current-year losses for which no deferred tax asset was recognized	42,233	(6,233)
Foreign dividend income	-	4,042
Others	<u>(3,259)</u>	<u>8,344</u>
	<u><u>\$ 71</u></u>	<u><u>144</u></u>

(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:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Tax effect of deductible temporary difference	\$ 30,618	35,973
The carryforward of unused tax losses	<u>224,913</u>	<u>156,301</u>
	<u><u>\$ 255,531</u></u>	<u><u>192,274</u></u>

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

(Continued)

# CAMEO COMMUNICATIONS, INC.

## Notes to the Financial Statements

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, 2024, the unused loss carryforwards and the respective expiry years were as follows:

<u>Year of loss</u>	<u>Amount of loss</u>	<u>Deductible balance</u>	<u>Expiry year</u>
2019	\$ 287,609 (assessed)	278,158	2029
2020	283,079 (assessed)	283,079	2030
2021	276,846 (assessed)	276,846	2031
2023	87,725 (filed)	87,725	2033
2024	<u>211,166 (estimated)</u>	<u>211,166</u>	2034
	<b><u>\$ 1,146,425</u></b>	<b><u>1,136,974</u></b>	

### 3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2024 and 2023 were as follows:

	<u>Tax losses</u>
<b>Deferred Tax Assets :</b>	
<b>Balance at January 1, 2024</b>	\$ 32,055
Recognized in profit or loss	<u>(29,573)</u>
<b>Balance at December 31, 2024</b>	<b><u>\$ 2,482</u></b>
<b>Balance at January 1, 2023</b>	\$ 49,086
Recognized in profit or loss	<u>(17,031)</u>
<b>Balance at December 31, 2023</b>	<b><u>\$ 32,055</u></b>
	<b><u>Foreign investment income recognized under the equity method</u></b>
<b>Deferred Tax Liabilities :</b>	
<b>Balance at January 1, 2024</b>	\$ 32,055
Recognized in profit or loss	<u>(29,573)</u>
<b>Balance at December 31, 2024</b>	<b><u>\$ 2,482</u></b>

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

<b>Balance at January 1, 2023</b>	\$ 49,086
Recognized in profit or loss	<u>(17,031)</u>
<b>Balance at December 31, 2023</b>	<b><u>\$ 32,055</u></b>

(iii) The Company's tax returns for the years through 2022 have been examined and assessed by tax authorities.

(p) Capital and other equity

(i) Ordinary shares

As of December 31, 2024 and 2023, 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, 2024 and 2023, the Company has issued 330,780 thousand shares, 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'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.

(Continued)

## CAMEO COMMUNICATIONS, INC.

### Notes to the Financial Statements

#### 2) Special reserve

During earnings distribution, if the Company has already reclassified a portion of earnings to special reserve, it shall make supplemental allocation of special reserve for any difference between the amount of the current-period total net reduction of other shareholders' equity and the amount it has already allocated. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

#### 3) Earnings distribution 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 meeting of shareholders resolved to appropriate the 2022 earnings. These earnings were appropriated as follows:

	<b>2022</b>	
	<b>Amount per share (NTD)</b>	<b>Total amount</b>
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.22	<u><u>72,771</u></u>

The Company incurred loss for the years ended December 31, 2024 and 2023, hence there was no distributable earning. The related information mentioned above can be found on websites such as the Market Observation Post System website.

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**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(q) Earnings (loss) per share

(i) Basic earnings (loss) per share( in New Taiwan Dollars)

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

	<b>2024</b>	<b>2023</b>
Net loss attributable to ordinary shareholders of the Company	\$ <u>(164,556)</u>	<u>(37,160)</u>
Weighted-average number of ordinary shares outstanding (in thousand shares)	<u>330,780</u>	<u>330,780</u>
Basic earnings (loss) per share (in New Taiwan Dollars)	\$ <u>(0.50)</u>	<u>(0.11)</u>

(ii) Diluted earnings (loss) per share (in New Taiwan Dollars)

The Company's diluted earnings per share were calculated as follows:

	<b>2024</b>	<b>2023</b>
Net loss attributable to ordinary shareholders of the Company	\$ <u>(164,556)</u>	<u>(37,160)</u>
Weighted-average number of ordinary shares outstanding (in thousand shares)	<u>330,780</u>	<u>330,780</u>
Diluted earnings (loss) per share (in New Taiwan Dollars)	\$ <u>(0.50)</u>	<u>(0.11)</u>

For the years ended December 31, 2024 and 2023, the Company was not impacted by the effects of dilutive potential ordinary shares.

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>2024</b>	<b>2023</b>
Main Market:		
Asia	\$ 667,845	1,420,529
Europe	181,871	559,868
United States	261,999	408,489
Other	<u>72,573</u>	<u>150,468</u>
	<u>\$ 1,184,288</u>	<u>2,539,354</u>
Major product:		
Wired communication products	\$ 1,010,250	2,094,186
Wireless communication products	134,877	406,751
Repairs and maintenance revenues and others	<u>39,161</u>	<u>38,417</u>
	<u>\$ 1,184,288</u>	<u>2,539,354</u>

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(ii) Contract balance

	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>January 1, 2023</b>
Notes and trade receivables	\$ 431,791	247,888	1,074,017
Less: loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	<b><u>\$ 431,791</u></b>	<b><u>247,888</u></b>	<b><u>1,074,017</u></b>
Contract liabilities (recorded as other current liabilities)	<b><u>\$ 25,984</u></b>	<b><u>17,206</u></b>	<b><u>17,073</u></b>

For details on trade receivables and the impairment thereof, please refer to note 6(d).

The amounts of revenue recognized for the years ended December 31, 2024 and 2023, that were included in the contract liability balance at the beginning of the periods were \$167 and \$1,248, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(s) Remuneration to employees and directors

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

The Company incurred net loss before tax for the years ended December 31, 2024 and 2023, and thus, the Company was not required to accrue any remuneration to its employees and directors. The related information mentioned above can be found on websites such as the Market Observation Post System website.

(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, 2024 and 2023, the amount of sales to customers that contributed over 10% of the Company's operating revenue occupied 89% and 92% of the Company's total sales revenue, respectively. As of December 31, 2024 and 2023, the trade receivables due from these customers accounted for 98% and 97% of the Company's total trade receivables, respectively, exposing the Company to significant concentration of credit risk. The Company's credit risk management policy is detailed in note 6(u).

(Continued)



**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

3) Receivables and debt securities

For credit risk of trade receivable, please refer to note 6(d).

Other financial assets measured at amortized cost include other receivables and time deposits.

Debt investments at fair value through other comprehensive income include domestic bank bonds.

All of these financial assets are considered to have low risk; therefore, the allowance for credit losses is measured at the 12-month expected credit loss for the period. (For the related information, please refer to note 4(f).)

The movements in the allowance of other receivables for the years ended December 31, 2024 and 2023, please refer to note 6(e).

For the year ended December 31, 2024, the movement in the allowance for impairment loss on debt investments at fair value through other comprehensive income was unchanged.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year</u>	<u>1-2 years</u>	<u>Over 2 years</u>
<b>December 31, 2024</b>					
Non-derivative financial liabilities					
Trade payables (including related parties)	\$ 347,083	(347,083)	(347,083)	-	-
Other payables (including related parties)	107,127	(107,127)	(107,127)	-	-
Long-term borrowings (including current portion)	528,881	(579,545)	(97,665)	(57,384)	(424,496)
Lease liabilities (including current and non-current)	32,235	(32,851)	(19,711)	(13,140)	-
	<u><u>\$ 1,015,326</u></u>	<u><u>(1,066,606)</u></u>	<u><u>(571,586)</u></u>	<u><u>(70,524)</u></u>	<u><u>(424,496)</u></u>
<b>December 31, 2023</b>					
Non-derivative financial liabilities					
Notes and 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)
	<u><u>\$ 1,081,303</u></u>	<u><u>(1,142,497)</u></u>	<u><u>(532,826)</u></u>	<u><u>(116,844)</u></u>	<u><u>(492,827)</u></u>

(Continued)

# CAMEO COMMUNICATIONS, INC.

## Notes to the Financial Statements

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, 2024			December 31, 2023		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	\$	15,794 USD/NTD =32.781	517,743	12,880 USD/NTD =30.735		395,867
CNY		18,077 CNY/NTD =4.560	82,436	20,136 CNY/NTD =4.330		87,189
Financial liabilities						
Monetary items						
USD		8,263 USD/NTD =32.781	270,869	8,149 USD/NTD =30.735		250,460
CNY		5,846 CNY/NTD =4.560	26,658	2,523 CNY/NTD =4.330		10,925

#### 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, trade payables, and other payables (including related parties) denominated in foreign currency. Depreciation or appreciation of the USD and CNY against the NTD by 5%, as of December 31, 2024 and 2023, with all other variables remained constant, would have increased or decreased the net loss before tax for the years then ended as follows:

	2024		2023	
	(Increase) decrease net loss before tax		(Increase) decrease net loss before tax	
USD (against the NTD)				
Appreciation 5%	\$	12,344		7,270
Depreciation 5%		(12,344)		(7,270)
CNY (against the NTD)				
Appreciation 5%	\$	2,789		3,813
Depreciation 5%		(2,789)		(3,813)

(Continued)

# CAMEO COMMUNICATIONS, INC.

## Notes to the Financial Statements

### (iv) Foreign exchange gains and losses on monetary items

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2024 and 2023, foreign exchange gains, including realized and unrealized portions, amounted to \$20,403 and \$10,548, respectively.

### (v) Interest rate analysis

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

	<b>Carrying amount</b>	
	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Variable rate instruments:		
Financial assets	\$ 97,848	487,401
Financial liabilities	(528,881)	(651,032)
	<b>\$ (431,033)</b>	<b>(163,631)</b>

The following sensitivity analysis is based on the risk exposure to interest rates of 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 before tax would have increased or decreased by \$1,078 and \$409 for the years ended December 31, 2024 and 2023, respectively. This is mainly due to the Company's demand deposits and borrowings at variable interest rates.

### (vi) Other market 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:

	<b>2024</b>		<b>2023</b>	
	<b>Other comprehensive income, before tax</b>	<b>Profit or loss before tax</b>	<b>Other comprehensive income, before tax</b>	<b>Profit or loss before tax</b>
5% increase	\$ -	13,981	-	6,353
5% decrease	\$ -	(13,981)	-	(6,353)

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(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:

	Carrying amount	December 31, 2024			
		Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Private stocks	\$ 220,900	-	-	220,900	220,900
Domestic listed stocks	<u>58,715</u>	58,715	-	-	58,715
Subtotal	<u>279,615</u>				
<b>Financial assets at fair value through other comprehensive income</b>					
Domestic bank green bonds - P13 Taipei Fubon Bank 3	100,019	-	100,019	-	100,019
Trade receivables	<u>320,068</u>	-	-	-	-
Subtotal	<u>420,087</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	582,001	-	-	-	-
Trade receivables (including related parties)	111,723	-	-	-	-
Other receivables (including related parties)	10,237	-	-	-	-
Other current financial assets	277,500	-	-	-	-
Refundable deposits	<u>5,485</u>	-	-	-	-
Subtotal	<u>986,946</u>				
<b>Total</b>	<b><u>\$ 1,686,648</u></b>				

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

	December 31, 2024				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost:					
Secured bank loans (including current portion)	\$ 528,881	-	-	-	-
Trade payables (including related parties)	347,083	-	-	-	-
Other payables (including related parties)	107,127	-	-	-	-
Lease liabilities (including current and non-current)	<u>32,235</u>	-	-	-	-
Total	<u><u>\$ 1,015,326</u></u>				
	December 31, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Private stocks	\$ <u>127,050</u>	-	-	127,050	127,050
Financial assets at fair value through other comprehensive income					
Trade receivables	<u>110,529</u>	-	-	-	-
Financial assets measured 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 current financial assets	300,000	-	-	-	-
Refundable deposits	<u>5,253</u>	-	-	-	-
Subtotal	<u>1,538,030</u>				
Total	<u><u>\$ 1,775,609</u></u>				

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

	<b>December 31, 2023</b>				
	<b>Carrying amount</b>	<b>Fair Value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial liabilities measured at amortized cost:</b>					
Secured bank loans (including current portion)	\$ 651,032	-	-	-	-
Trade payables (including related parties)	197,111	-	-	-	-
Other payables (including related parties)	180,748	-	-	-	-
Lease liabilities (including current and non-current)	<u>52,412</u>	-	-	-	-
<b>Total</b>	<b><u>\$ 1,081,303</u></b>	-	-	-	-

- 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.

The Company measures the fair value of financial instruments that are traded in active markets by category and attribute as follows:

- The fair value of listed stocks of financial assets and liabilities traded in active markets is based on quoted market prices.

Except for the financial instruments with active markets mentioned above, for other financial instruments, like private placement stocks of listed companies and domestic bank bonds, the fair value is determined by the market quotations and valuation techniques, and is also determined by examining liquidity discounts or other valuation techniques, including models, which is calculated based on available market data (such as yield curves published by the Taiwan Exchange) at the reporting date.

(Continued)

# CAMEO COMMUNICATIONS, INC.

## Notes to the Financial Statements

The Company measures the fair value of financial instruments without an active market by category and attribute as follows:

- Unquoted equity instruments: The fair value is estimated measured using option pricing model (Black-Scholes model) and the liquidity discount model (Finnerty model), with the main assumption being based on the market price of the investees. The estimate has been adjusted for the discount impact of the lack of market liquidity in 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, 2024 and 2023.

5) Reconciliation of level 3 fair values

	<b>Financial assets at fair value through profit or loss-non current</b>
Balance on January 1, 2024	\$ 127,050
Total gains or losses recognized:	
In profit or loss	93,850
Balance on December 31, 2024	<b>\$ 220,900</b>
Balance at January 1, 2023	\$ -
Purchased	36,000
Total gains or losses recognized:	
In profit or loss	91,050
Balance on December 31, 2023	<b>\$ 127,050</b>

For the years ended December 31, 2024 and 2023, total gains and losses that were included in “net gains on financial assets at fair value through profit or loss” were as follows:

	<b>2024</b>	<b>2023</b>
Total gains and losses recognized		
In other comprehensive income, and presented in “net gains on financial assets at fair value through profit or loss”	<b>\$ 93,850</b>	<b>91,050</b>

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

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

The Company'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 Company'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	<ul style="list-style-type: none"> <li>Market Approach and Finnerty model are adopted at December 31, 2024</li> <li>Black-Scholes model and Finnerty model are adopted at December 31, 2023</li> </ul>	<ul style="list-style-type: none"> <li>Lack of market liquidity discount (18.18% and 24.82%, respectively, as of December 31, 2024 and 2023)</li> </ul>	<ul style="list-style-type: none"> <li>The higher the lack of market liquidity discount, the lower the fair value</li> </ul>

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

The fair value measurement of financial instruments by the Company 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, if the evaluation parameters change, the impact on the current period's profit or loss is as follows:

			Change in fair value through the current period's profit or loss	
	Inputs	Upward or downward movement	Favorable change	Unfavorable change
December 31, 2024				
Non current financial assets at fair value through profit or loss	Lack of market liquidity discount	5%	\$ <u>13,500</u>	<u>(13,500)</u>
December 31, 2023				
Non current financial assets at fair value through profit or loss	Lack of market liquidity discount	5%	\$ <u>8,450</u>	<u>(8,450)</u>

(Continued)



**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(u) 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.

(Continued)

**CAMEO COMMUNICATIONS, INC.****Notes to the Financial Statements**

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. As of December 31, 2024 and 2023, no other guarantees were outstanding.

(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, 2024 and 2023, the Company's unused long-term and short-term credit lines were \$926,467 and \$965,820, respectively. Please refer to note 6(k) for details of the Company's unused credit lines.

(Continued)

## CAMEO COMMUNICATIONS, INC.

### Notes to the Financial Statements

(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 is exposed to currency risk for sales and purchases in a currency other than the functional currencies of the Company. The currencies used in these transactions are the NTD and CNY.

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.

3) Other market price risks

The Company is exposed to equity price risk due to the investments in listed equity securities.

(v) 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:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Total liabilities	\$ 1,089,640	1,189,992
Less: Cash and cash equivalents	<u>582,001</u>	<u>1,081,550</u>
Net liabilities	<b>\$ 507,639</b>	<b>108,442</b>
Total equity	<b>\$ 3,033,760</b>	<b>3,150,714</b>
Net liability-to-equity ratio	<u><u>17 %</u></u>	<u><u>3 %</u></u>

As of December 31, 2024, the net debt-to-equity ratio increased primarily as a result of cash outflows from operating activities and the acquisition of financial assets, leading to a decrease in cash and cash equivalents.

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

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

The Company's investing and financial activities, which did not affect the current cash flows for the year ended December 31, 2024 and 2023, were as follows:

- (i) The acquisition of right-of-use assets by leases, please refer to note 6(i).
- (ii) Reconciliation of liabilities arising from financing activities was as follows:

	<b>January 1, 2024</b>	<b>Cash Flow</b>	<b>Non-cash changes</b>		<b>December 31, 2024</b>
			<b>Addition</b>	<b>Lease modifications</b>	
Long-term borrowings (including current portion)	\$ 651,032	(122,151)	-	-	528,881
Lease liabilities (including current and non-current)	52,412	(20,656)	2,698	(2,219)	32,235
Other payables to related parties	92,205	(92,205)	619	-	619
Total amount of liabilities arising from financing activities	<u>\$ 795,649</u>	<u>(235,012)</u>	<u>3,317</u>	<u>-</u>	<u>563,954</u>

	<b>January 1, 2023</b>	<b>Cash Flow</b>	<b>Non-cash changes</b>		<b>December 31, 2023</b>
			<b>Addition</b>	<b>Lease modifications</b>	
Long-term borrowings (including current portion)	\$ 887,335	(236,303)	-	-	651,032
Lease liabilities (including current and non-current)	72,100	(19,931)	1,204	(961)	52,412
Other payables to related parties	38,000	54,205	-	-	92,205
Total amount of liabilities arising from financing activities	<u>\$ 997,435</u>	<u>(202,029)</u>	<u>1,204</u>	<u>(961)</u>	<u>795,649</u>

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

**(7) Related-party transactions:**

- (a) The parent company and the ultimate controlling party

On April 1, 2023, D-Link Corporation, the parent company, acquired control of the Company, and D-Link Corporation is the ultimate controlling party of the Company, and has prepared the consolidated financial statements.

- (b) 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:

<u>Name of related party</u>	<u>Relationship with the Company</u>
Huge Castle Ltd. (Huge Castle)	Subsidiary
Qianjin Investment Co., Ltd. (Qianjin)	Subsidiary
SOARNEX Technology Corporation (SOARNEX)	Subsidiary (Note 2)
Perfect choice Co., Ltd. (Perfect)	Subsidiary
CAMEO International Ltd. (CAMEO International)	Subsidiary (Note 3)
NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Subsidiary (Note 4)
Suzhou Soarnex Technology Co., Ltd	Subsidiary
D-Link Corporation	Parent Company (Note 1)
D-Link International Pte Ltd. (D-Link International)	Subsidiary of D-Link Corporation (Note 1)
D-Link (Shanghai) Co., Ltd. (D-Link (Shanghai))	Subsidiary of D-Link Corporation (Note 1)
AMIGO TECHNOLOGY INC.	Other related party
SAPIDO TECHNOLOGY INC.	Other related party
AMIT WIRELESS INC.	Other related party
TSG Hawks Baseball Co., Ltd.	Other related party
TSG TRANSPORT CORP.	Other related party
TSG Burger King Corporation	Other related party
TSG Sports Marketing Co., Ltd.	Other related party
Jia Jie Biomedical Co., Ltd.	Other related party
All Directors, general manager, and deputy general manager	Key management personnel

Note 1: 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.

Note 2: 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.

Note 3: CAMEO International Ltd. has been deregistration by a resolution of the board of directors in January 2023, and the liquidation process has begun. The delisting and liquidation procedures has completed on March 9, 2023, and was repaid to Huge Castle Ltd.

Note 4: 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.

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(c) 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:

	<b>Sales</b>		<b>Trade receivables due from related parties</b>	
	<b>2024</b>	<b>2023</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
D-Link Corporation	\$ 652,782	1,166,651	268,941	92,106
D-Link (Shanghai)	88,510	283,282	51,127	18,423
D-Link International	-	516	-	-
Other related parties	<u>1,894</u>	<u>2,564</u>	<u>30</u>	<u>25</u>
	<b><u>\$ 743,186</u></b>	<b><u>1,453,013</u></b>	<b><u>320,098</u></b>	<b><u>110,554</u></b>

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:

	<b>Purchase</b>		<b>Trade payables to related parties</b>	
	<b>2024</b>	<b>2023</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
D-Link Corporation	\$ -	178	-	-
Other related parties	<u>1,716</u>	<u>17,444</u>	<u>-</u>	<u>5,788</u>
	<b><u>\$ 1,716</u></b>	<b><u>17,622</u></b>	<b><u>-</u></b>	<b><u>5,788</u></b>

The payment terms for purchases from other related parties ranged from one to three months, which were not materially different from those agreed upon with third parties. Purchasing prices were based on general market price.

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(iii) Payment to related parties

Miscellaneous expenses paid to related parties and the outstanding balances were as follows:

	<b>Miscellaneous expenses</b>		<b>Other payables</b>	
	<b>2024</b>	<b>2023</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
D-Link Corporation	\$ 544	3,604	-	-
Other related parties	4,641	65	619	-
	<b>\$ 5,185</b>	<b>3,669</b>	<b>619</b>	<b>-</b>

(iv) Received from related parties

The advances and other income received from related parties are recorded as expense deductions and other income, and the outstanding balances are as follows:

	<b>Amount</b>		<b>Other receivables</b>	
	<b>2024</b>	<b>2023</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
D-Link Corporation	\$ 6,915	9,524	4,467	7,822
Other related parties	528	502	-	-
	<b>\$ 7,443</b>	<b>10,026</b>	<b>4,467</b>	<b>7,822</b>

(v) Borrowing from related parties

The Company's borrowing of funds from related parties in 2024 and 2023 due to capital demand was recognized as other payables:

	<b>Highest balance</b>		<b>Finance costs</b>	
	<b>2024</b>	<b>2023</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Qianjin	\$ -	38,000	-	52
Perfect	78,253	61,532	-	-
Huge	93,903	97,257	-	-
	<b>\$ 172,156</b>	<b>196,789</b>	<b>-</b>	<b>52</b>

	<b>Ending balance</b>	
	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Other payable to related parties		
Subsidiary – Huge	\$ -	92,205

For the years ended December 31, 2024 and 2023, the interest rates of the Company's borrowings, without providing any collateral, were 0% and 0%~1.105%, respectively.

(Continued)

# CAMEO COMMUNICATIONS, INC.

## Notes to the Financial Statements

### (vi) Lease

The Company has leased part of the Tainan factory to its related party, D-Link Corporation, and part of the Taipei office to its subsidiary, Qianjin, and the rent has been collected on a monthly basis. The rental income (recorded as other income) for the years ended December 31, 2024 and 2023 and the outstanding balances were as follows:

	Rental income		Other receivables	
	2024	2023	December 31, 2024	December 31, 2023
D-Link Corporation	\$ 2,371	2,371	-	-
Qianjin	57	57	-	10
	<u>\$ 2,428</u>	<u>2,428</u>	<u>-</u>	<u>10</u>

### (d) Key management personnel transactions

Key management personnel's compensation comprised:

	2024	2023
Short-term employee benefits	\$ 17,268	12,551
Post-employment benefits	324	162
	<u>\$ 17,592</u>	<u>12,713</u>

### (8) Assets Pledged as security:

The carrying amounts of the assets which the Company pledged as collateral were as follows:

Asset Name	Pledged to secure	December 31, 2024	December 31, 2023
Property, plant, and equipment—land	Long-term bank loans	\$ 346,639	346,639
Property, plant, and equipment—buildings and construction	Long-term bank loans	898,198	929,171
		<u>\$ 1,244,837</u>	<u>1,275,810</u>

### (9) Commitments and contingencies:

As of December 31, 2024, the purchase commitments not performed amounted to \$419,456, which are non-cancelable purchase contracts.

### (10) Losses Due to Major Disasters: None.

### (11) Subsequent Events:

On December 18, 2024, the Company signed a lease with its parent company, D-Link Corporation, for its office space, with lease term period beginning from January 1, 2025, to December 31, 2029. On February 25, 2025, the Board of Directors approved the acquisition of right-of-use asset amounting to \$24,800.

(Continued)



**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

**(12) Other:**

- (a) The summary of current-period employee benefits, depreciation, and amortization, by function, was as follows:

	For the years ended December 31						
By item	By function	2024			2023		
		Operating Costs	Operating Expense	Total	Operating Costs	Operating Expense	Total
Employee benefits							
Salary		132,339	170,156	302,495	181,618	169,642	351,260
Labor and health insurance		15,101	14,394	29,495	21,048	15,016	36,064
Pension		6,190	7,182	13,372	8,280	7,289	15,569
Remuneration of directors		-	725	725	-	720	720
Others		14,213	7,671	21,884	19,559	7,992	27,551
Depreciation		61,208	31,644	92,852	96,171	32,217	128,388
Amortization		6	2,625	2,631	67	3,401	3,468

Additional information on the number of employees and employee benefit expenses for the years ended December 31, 2024 and 2023 were as follow:

	2024	2023
Number of employees	<u>435</u>	<u>589</u>
Number of directors who were not employees	<u>6</u>	<u>6</u>
The average employee benefit	<u>\$ 856</u>	<u>738</u>
The average salaries and wages	<u>\$ 705</u>	<u>603</u>
Percentage change in average salary	<u>16.92 %</u>	
Compensation to the supervisory	<u>\$ -</u>	<u>-</u>

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.

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

- (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, 2024:

- (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	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 3)	Maximum limit of fund financing (Note 3)
													Item	Value		
1	Perfect choice Co., Ltd.	The Company	Other receivables	Yes	78,253	-	-	-	2	-	Working capital	-		-	Note 4	Note 4
2	Huge Castle Ltd.	The Company	Other receivables	Yes	93,903	-	-	-	2	-	Working capital	-		-	111,586	111,586

Note 1: The numbering is as follows:

- (i) "0" represents the Company  
(ii) Subsidiaries are numbered starting from "1".

Note 2: 1 represents a trading counterparty; 2 indicates the necessity of short-term financing.

Note 3: 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, 2024. 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, 2024.

Note 4: Perfect Choice Co., Ltd. has been liquidated and cancelled by a resolution of the Board of Directors in April 2024, and has applied for cancellation of registration in May 2024, and it is expected to complete its liquidation in 2025.

- (ii) Guarantees and endorsements for other parties: None

(Continued)

# CAMEO COMMUNICATIONS, INC.

## Notes to the Financial Statements

- (iii) Securities held as of December 31, 2024 (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	Stock-Harvatek Corporation	None	Non-current financial assets at fair value through profit or loss	6,000	-	14.46	-	Note 1
The Company	Stock-Covia Inc.	None	Non-current financial assets at fair value through profit or loss	0.4	-	5.40	-	Note 2
The Company	Private Stock-KING HOUSE CO., LTD.	Other related party	Non-current financial assets at fair value through profit or loss	5,000	220,900	3.16	220,900	Note 3
The Company	TMP Steel Corporation	Other related party	Non-current financial assets at fair value through profit or loss	855	23,172	0.86	23,172	
The Company	S-TECH CORP	Other related party	Non-current financial assets at fair value through profit or loss	1,232	35,543	0.53	35,543	
The Company	Domestic bank green bonds- P13 Taipei Fubon Bank 3	None	Non-current financial assets at fair value through other comprehensive income	-	100,019	-	100,019	Note 4
Qianjin Investment Co., Ltd.	D-Link Corporation	Parent Company	Non-current financial assets at fair value through other comprehensive income	5,434	138,298	0.90	138,298	
Qianjin Investment Co., Ltd.	TMP Steel Corporation	Other related party	Non-current financial assets at fair value through profit or loss	48	1,301	0.05	1,301	
Qianjin Investment Co., Ltd.	S-TECH CORP	Other related party	Non-current financial assets at fair value through profit or loss	70	2,019	0.03	2,019	

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.

Note 3: King House CO., LTD. (formerly known as Ensure Global Corp., LTD.) has modified it's company name on May 2, 2024.

Note 4: Taipei Fubon Commercial Bank issued 3rd senior unsecured financial debentures in 2024 at par value of \$10,000 per debenture, the Company acquired 10 units of the debentures on September 16, 2024, with a total subscription amount of \$100,000.

- (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.

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

- (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)		Note
			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	(652,782)	(55) %	90 days after delivery	Note 1	Note 1	Trade receivables 268,941	62%	

Note 1: 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:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Allowance for bad debts	Note
					Amount	Action taken			
The Company	D-Link Corporation	Parent Company	Trade receivables 268,941	3.62	-		74,973	-	

Note 1: Information as of January 25, 2025.

- (ix) Trading in derivative instruments: None

- (b) Information on investees:

The following is the information on investees for the year ended December 31, 2024 (excluding information on investees in Mainland China):

Unit: in thousands share

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Huge Castle Ltd.	Samoa	Investment holding	295,006	295,006	9,330	100 %	278,967	(33,988)	(33,988)	
The Company	Qianjin Investment Co., Ltd.	Taiwan	Investment holding	270,000	270,000	27,000	100 %	183,398	3,254	3,254	
Less: Unrealized profits (losses) of affiliates								(52)			
								<b>462,313</b>		<b>(30,734)</b>	
Huge Castle Ltd.	Perfect Choice Co., Ltd.	Mauritius	Investment holding and trading	-	(16,261)	-	- %	-	4,944	4,944	Note 1 and 2
Huge Castle Ltd.	Luis Jo'se Investments Inc.	The British Virgin Islands	Investment holding	43,673	43,673	1,362	100 %	48,108	2,494	2,494	

Note 1: 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.

Note 2: Perfect Choice Co., Ltd. has been liquidated and cancelled by a resolution of the Board of Directors in April 2024, and has applied for cancellation of registration in May 2024, and it is expected to complete its liquidation in 2025.

(Continued)

**CAMEO COMMUNICATIONS, INC.**  
**Notes to the Financial Statements**

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Unit: foreign currency in thousands

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	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	-	Indirect investments in Mainland China through companies registered in a third region.	10,588 (USD323)	-	-	10,588 (USD323)	NA	- %	NA	Note 3	-	Note 3
WIDE VIEW TECHNOLOGY INC.	R&D, production, and sale of electronic components	-	"	21,734 (USD663)	-	-	21,734 (USD663)	NA	- %	NA	Note 4	-	Note 4
Suzhou Soarnex Technology Co., Ltd	Software development and software services for computer information systems	22,064 (CNY5,000)	"	-	-	-	-	1,460	100 %	1,460	27,920	-	Notes 2 and 5

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
32,322 (US\$986)	36,321 (US\$1,108)	1,820,256

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) was recognized based on the financial statements prepared by the subsidiaries and not audited by the CPA.

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. NETTECH TECHNOLOGY (SUZHOU) CO., LTD has been liquidated and cancelled by a resolution of the board of directors in November 2022. The liquidation procedure had completed on August 31, 2023.

Note 6: The currency was translated into New Taiwan Dollars at the exchange rate of USD 1 to NTD 32.781 at the end of reporting period.

(Continued)

CAMEO COMMUNICATIONS, INC.  
Notes to the Financial Statements

(iii) Significant transactions:

Please refer to “Information on significant transactions” for the information on significant direct or indirect transactions between the Company and the investee companies in Mainland China for the year ended December 31, 2024.

(d) Major shareholders:

Unit: Share

Shareholder’s Name	Shareholding	Shares	Percentage
D-Link CORPORATION		137,532,993	41.58 %

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2024.

**Cameo Communications, Inc.**

**Statement of cash and cash equivalents**

**December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars;  
in thousands of Foreign Currency)**

<b>Item</b>	<b>Description</b>	<b>Amount</b>
Foreign currencies on hand and petty cash		\$ <u>676</u>
Checking account and demand deposits	NTD	82,601
	Foreign currency (US\$162 and CNY 2,558)	<u>16,975</u>
		<u>99,576</u>
Time deposits	NTD (Maturity date: 2025.1.7~2025.1.20)	332,000
	Foreign currency (US\$1,250, Maturity date: 2025.1.7)	40,976
	Foreign currency (US\$4,300, Maturity date: 2025.1.7)	<u>19,609</u>
		<u>392,585</u>
Cash equivalents - repurchase agreement	Foreign currency (US\$2,720, Maturity date: 2025.1.7)	<u>89,164</u>
		<b>\$ <u>582,001</u></b>

Note: The exchange rate is 32.781 New Taiwan dollars for 1 US Dollar; 4.5603 New Taiwan Dollars for 1 CNY.

**Statement of trade receivables**

<b>Client Name</b>	<b>Amount</b>
Trade receivable:	
TR Company	\$ 61,420
AL Company	40,753
AP Company	<u>9,520</u>
Subtotal	111,693
Less: loss allowance	<u>-</u>
	<b>\$ <u>111,693</u></b>

Note 1: All trade receivables arose from operating activities.

Note 2: The trade receivables due from related parties are not included in the aforementioned receivables; please refer to note 7 to the financial statements for details.

**Cameo Communications, Inc.**  
**Statement of other current financial assets**  
**December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Time deposits	Time deposits more than three months (Maturity date: 2025.1.3~2025.2.4)	\$ <u><u>277,500</u></u>

**Statement of inventories**

<u>Item</u>	<u>Amount</u>	<u>Net realizable value</u>
Finished goods	\$ 510,906	472,682
Less: loss allowance	<u>(65,009)</u>	
	<u>445,897</u>	
Work in progress and semi-finished goods	96,432	93,951
Less: loss allowance	<u>(6,279)</u>	
	<u>90,153</u>	
Raw materials	25,943	24,145
Less: loss allowance	<u>(5,578)</u>	
	<u>20,365</u>	
	<u><u>\$ 556,415</u></u>	<u><u>590,778</u></u>

Note: The loss allowance was measured at the lower of cost or net realizable value using the item-by-item method, and was also based on the valuation of inventories aged over six months.



**Cameo Communications, Inc.**

**Statement of changes in investments accounted for using the equity method**

**For the year ended December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars; thousands of shares)**

<b>Name of investee</b>	<b>Beginning balance</b>		<b>Increase (decrease) (Note)</b>		<b>Share of Profit (Loss) of Investee</b>	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized gain (loss) on investee's investments in equity instruments at fair value through other comprehensive income</b>	<b>Profit Appropriated</b>	<b>Ending balance</b>			<b>Total net amount</b>	<b>Collateral</b>
	<b>Shares/Unit</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>					<b>Shares</b>	<b>Percentage</b>	<b>Amount</b>		
Huge Castle Limited	9,330	\$ 298,896	-	-	(33,988)	14,059	-	-	9,330	100 %	278,967	278,967	None
Qianjin Investment Co., Ltd.	27,000	150,256	-	-	3,254	-	29,888	-	27,000	100 %	183,398	183,398	None
Less: Unrealized profits (loss)													
of affiliates		(65)		13	-	-	-	-			(52)	-	
		<u>\$ 449,087</u>		<u>13</u>	<u>(30,734)</u>	<u>14,059</u>	<u>29,888</u>	<u>-</u>			<u>462,313</u>	<u>462,365</u>	

Note: The movements for the current period are unrealized gain of \$13.

**Cameo Communications, Inc.**

**Statement of changes in financial assets measured at  
fair value through profit or loss - non-current**

**December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars;  
thousands of shares)**

<b>Name of investee</b>	<b>Beginning balance</b>		<b>Increase</b>		<b>Decrease</b>		<b>Unrealized (loss) gain of financial assets</b>		<b>Ending balance</b>			<b>Collateral</b>
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Percentage</b>	<b>Amount</b>	
KING HOUSE CO., LTD.	5,000	\$ 127,050	-	-	-	-	-	93,850	5,000	3.16 %	220,900	None
TMP Steel Corporation	-	-	855	23,110	-	-	-	62	855	0.86 %	23,172	None
S-TECH CORP.	-	-	1,232	38,527	-	-	-	(2,984)	1,232	0.53 %	35,543	None
		<u><u>\$ 127,050</u></u>		<u><u>61,637</u></u>		<u><u>-</u></u>		<u><u>-</u></u>			<u><u>279,615</u></u>	

**Cameo Communications, Inc.**  
**Statement of changes in property, plant and  
equipment**  
**For the year ended December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

Please refer to note 6(h).

**Statement of trade payables**  
**December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>
Trade payables:		
FV002 Company	Operating expenses due to third party	\$ 47,094
WE001 Company	//	21,671
HL003 Company	//	20,605
Others (Note 2)		<u>257,713</u>
		<u><b>\$ 347,083</b></u>

Note 1: The trade payables due to related parties are not included in the aforementioned payables, please refer to note 7 the financial statements for details.

Note 2: The balances not exceeding 5% of the total trade payables are not presented separately.

**Cameo Communications, Inc.**  
**Statement of other payables**  
**December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Bonuses and salaries payable	Payroll for December 2024 and estimated year-end bonuses	\$ 45,944
Accrued employee benefit liabilities		15,414
Expenses payable	Freight charges, mold fees and professional service fees	27,407
Others (Note)		17,743
		<u><u>\$ 106,508</u></u>

Note 1: The other payables due to related parties are not included in the aforementioned payables, please refer to note 7 to the financial statements for details.

Note 2: The balances not exceeding 5% of the total amount are not presented separately.

**Statement of long-term borrowings**

<u>Creditor</u>	<u>Loan commitment</u>	<u>Amount</u>		<u>Contract period</u>	<u>Range of interest rates</u>	<u>Collateral</u>
		<u>Current portion</u>	<u>Non-current portion</u>			
Bank of Taiwan	<u>\$ 1,000,000</u>	<u>87,032</u>	<u>441,849</u>	2020.2.25 ~ 2035.2.25	1.475%~2.235%	Land, buildings and construction

**Statement of operating revenue**  
**For the year ended December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars;**  
**thousands of units)**

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>
Wired communications products	510	\$ 1,010,250
Wireless communications products	78	134,877
Repairs and maintenance revenues and others		39,161
		<u><u>\$ 1,184,288</u></u>

**Cameo Communications, Inc.**  
**Statement of operating costs**  
**For the year ended December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

Item	Amount
Raw materials	
Balance at January 1 (including outsourced processing)	\$ 526,718
Add: Purchases of raw materials	836,638
Loss on physical inventories	(7)
Less: Balance at December 31 (including outsourced processing)	(510,906)
Loss on disposal of inventories	<u>(213)</u>
Subtotal	852,230
Direct labor	63,975
Manufacturing expenses	<u>60,445</u>
Manufacturing cost	976,650
Add: Work in progress and semi-finished goods, January 1 (including outsourced processing)	83,320
Purchases	-
Less: Work in progress and semi-finished goods, December 31 (including outsourced processing)	(96,432)
Sale of semi-finished goods	(5,003)
Transferred to operating expenses	<u>(8,823)</u>
Cost of goods manufactured	949,712
Add: Finished goods, January 1 (including outsourced processing)	51,656
Purchases	(1,380)
Less: Finished goods, December 31	(25,943)
Transferred to operating expenses	<u>(908)</u>
Cost of goods sold	<u>973,137</u>
Costs of semi-finished goods sold	5,003
Allowance for inventory obsolescence	21,697
Loss on physical inventory	7
Write-down of inventories	213
Unallocated production overheads	<u>165,079</u>
Operating costs	<u><u>\$ 1,165,136</u></u>

**Cameo Communications, Inc.**  
**Statement of Operating expense**  
**For the year ended December 31, 2024**

<b>Item</b>	<b>Selling expenses</b>	<b>Administrative expenses</b>	<b>Research and development expenses</b>
Payroll expenses	\$ 22,966	31,839	116,076
Depreciation	3,821	5,512	22,311
Labor and health insurance expenses	2,185	2,931	9,278
Product testing fees	3,083	-	10,224
Freight charges	5,929	9	68
Professional service fees	520	6,723	-
Repair and maintenance expenses	29	3,799	1,477
Materials (shipping pallets and angle plates)	3,353	-	-
Others (Note)	4,533	19,003	19,164
	<u><u>\$ 46,419</u></u>	<u><u>69,816</u></u>	<u><u>178,598</u></u>

Note: the amounts not exceeding 5% of total operating expenses are not presented separately.