

**CAMEO COMMUNICATIONS, INC.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2024 and 2023**

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The independent auditors' review report and the accompanying consolidated 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' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Cameo Communications, Inc. and its subsidiaries as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2024 and 2023, as well as the changes in equity and cash flows for the six months ended June 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$44,595 thousand and \$59,078 thousand, constituting 1.08% and 1.18% of the consolidated total assets; and the total liabilities amounting to \$7,274 thousand and \$14,162 thousand, constituting 0.70% and 0.78% of the consolidated total liabilities as of June 30, 2024 and 2023, respectively; as well as the absolute value of the total comprehensive income (loss) amounting to \$(15,390) thousand, \$(9,196) thousand, \$(24,465) thousand and \$(16,793) thousand, constituting 101.97%, 384.77%, 45.45% and 54.52% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2024 and 2023, respectively.

Qualified Conclusion

Except for the impact of potential adjustments to the consolidated financial statements, if any, arising from the review of financial statements of certain subsidiaries described in the Basis for Qualified Conclusion paragraph above by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Cameo Communications, Inc. and its subsidiaries as of June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months ended June 30, 2024 and 2023, as well as its consolidated cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Hsin, Yu-Ting and Chien, Szu-Chuan.

KPMG

Taipei, Taiwan (Republic of China)
August 6, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ review report and the accompanying consolidated 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’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**Consolidated Balance Sheets****June 30, 2024, December 31, 2023, and June 30, 2023****(Expressed in Thousands of New Taiwan Dollars)**

		June 30, 2024		December 31, 2023		June 30, 2023				June 30, 2024		December 31, 2023		June 30, 2023	
Assets		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:															
1100	Cash and cash equivalents (note 6(a))	\$ 1,232,567	30	1,331,694	32	1,567,780	31	2170	Trade payables(including related parties) (note7)	\$ 217,658	5	197,111	5	563,451	11
1170	Notes and trade receivables, net (notes 6(d) and 6(q))	115,850	3	137,334	3	353,956	7	2200	Other payables(including related parties) (note7)	92,679	2	98,022	2	235,319	5
1180	Trade receivables due from related parties, net (notes 6(d), 6(q) and 7)	163,355	4	110,554	3	521,240	10	2250	Current provisions (note 6(l))	4,966	-	5,905	-	6,683	-
1200	Other receivables, net (note 6(e))	6,281	-	6,598	-	52,523	1	2280	Current lease liabilities (note 6(k))	20,812	-	20,011	-	20,379	-
1210	Other receivables due from related parties, net (notes 6(e) and 7)	778	-	7,822	-	8,203	-	2305	Other current liabilities	63,805	2	71,865	2	70,273	1
1220	Current tax assets	2,297	-	1,298	-	856	-	2320	Long-term borrowings, current portion (notes 6(j) and 8)	<u>122,151</u>	<u>3</u>	<u>122,151</u>	<u>3</u>	<u>122,151</u>	<u>3</u>
1310	Inventories, net (note 6(f))	533,188	13	606,526	14	793,117	16			<u>522,071</u>	<u>12</u>	<u>515,065</u>	<u>12</u>	<u>1,018,256</u>	<u>20</u>
1476	Other current financial assets (note 6(a))	277,362	7	305,700	7	-	-	2540	Long-term borrowings (notes 6(j) and 8)	467,806	11	528,881	12	712,108	14
1470	Prepayments and other current assets	<u>17,364</u>	<u>-</u>	<u>19,010</u>	<u>-</u>	<u>21,566</u>	<u>1</u>	2570	Deferred tax liabilities	32,055	1	32,055	1	49,086	1
		<u>2,349,042</u>	<u>57</u>	<u>2,526,536</u>	<u>59</u>	<u>3,319,241</u>	<u>66</u>	2580	Non-current lease liabilities (note 6(k))	<u>23,538</u>	<u>1</u>	<u>32,401</u>	<u>1</u>	<u>42,932</u>	<u>1</u>
Non-current assets:										<u>523,399</u>	<u>13</u>	<u>593,337</u>	<u>14</u>	<u>804,126</u>	<u>16</u>
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	232,150	6	127,050	3	-	-		Total liabilities	<u>1,045,470</u>	<u>25</u>	<u>1,108,402</u>	<u>26</u>	<u>1,822,382</u>	<u>36</u>
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	99,444	2	108,410	3	118,735	3		Equity (note 6(o)):						
1600	Property, plant and equipment (notes 6(g) and 8)	1,333,451	32	1,359,524	32	1,409,949	28	3110	Ordinary shares	3,307,792	80	3,307,792	78	3,307,792	67
1755	Right-of-use assets (note 6(h))	43,966	1	52,194	1	63,033	1	3300	Retained earnings	(77,836)	(2)	(24,640)	(1)	13,272	-
1780	Intangible assets (note 6(i))	9,505	-	10,436	-	11,914	-	3400	Other equity interest	<u>(133,075)</u>	<u>(3)</u>	<u>(132,438)</u>	<u>(3)</u>	<u>(129,076)</u>	<u>(3)</u>
1840	Deferred tax assets	32,055	1	32,055	1	49,086	1		Total equity	<u>3,096,881</u>	<u>75</u>	<u>3,150,714</u>	<u>74</u>	<u>3,191,988</u>	<u>64</u>
1920	Refundable deposits	5,816	-	5,545	-	5,554	-								
1975	Net defined benefit asset, non-current	36,441	1	36,441	1	35,732	1								
1990	Other non-current assets, others	<u>481</u>	<u>-</u>	<u>925</u>	<u>-</u>	<u>1,126</u>	<u>-</u>								
		<u>1,793,309</u>	<u>43</u>	<u>1,732,580</u>	<u>41</u>	<u>1,695,129</u>	<u>34</u>								
Total assets		<u>\$ 4,142,351</u>	<u>100</u>	<u>4,259,116</u>	<u>100</u>	<u>5,014,370</u>	<u>100</u>	Total liabilities and equity		<u>\$ 4,142,351</u>	<u>100</u>	<u>4,259,116</u>	<u>100</u>	<u>5,014,370</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months and six months ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		For the three months ended June 30				For the six months ended June 30			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(q) and 7)	\$ 257,221	100	804,525	100	491,988	100	1,875,372	100
5000	Operating costs (notes 6(f), 6(m), 6(r), 7 and 12)	271,505	106	736,012	91	524,756	107	1,690,434	90
5900	Gross (loss) profit	(14,284)	(6)	68,513	9	(32,768)	(7)	184,938	10
6000	Operating expenses (notes 6(m), 6(r), 7 and 12):								
6100	Selling expenses	12,160	5	17,874	2	23,051	5	39,140	2
6200	Administrative expenses	20,670	8	21,406	3	37,873	8	54,510	3
6300	Research and development expenses	58,265	22	49,007	6	105,776	21	94,027	5
	Total operating expenses	91,095	35	88,287	11	166,700	34	187,677	10
6900	Net operating loss	(105,379)	(41)	(19,774)	(2)	(199,468)	(41)	(2,739)	-
7000	Non-operating income and expenses (note 7):								
7050	Finance costs	(3,431)	(1)	(4,292)	-	(6,821)	(1)	(8,517)	-
7100	Interest income	8,136	3	3,946	-	15,771	3	8,478	-
7190	Other income	4,749	2	3,063	-	10,480	2	9,916	-
7210	Losses on disposals of property, plant and equipment	-	-	-	-	-	-	(504)	-
7230	Foreign exchange gains (losses)	6,036	2	27,773	3	21,737	5	15,810	1
7235	Net gains (losses) on financial assets (liabilities) at fair value through profit or loss (note 6(b))	105,100	41	(408)	-	105,100	21	(689)	-
7228	Gains on lease modification	-	-	-	-	5	-	-	-
7590	Other loss	-	-	(2,052)	-	-	-	(2,141)	-
		120,590	47	28,030	3	146,272	30	22,353	1
7900	Profit (Loss) from continuing operations before tax	15,211	6	8,256	1	(53,196)	(11)	19,614	1
7950	Less: Income tax expenses (note 6(n))	-	-	18,217	2	-	-	18,613	1
8200	Profit (Loss)	15,211	6	(9,961)	(1)	(53,196)	(11)	1,001	-
8300	Other comprehensive (loss) income:								
8310	Items that may not be reclassified to profit or loss								
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(1,630)	(1)	19,835	3	(8,966)	(2)	38,039	2
8349	Income tax related to items that may not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total items that may not be reclassified to profit or loss	(1,630)	(1)	19,835	3	(8,966)	(2)	38,039	2
8360	Items that may be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	1,511	1	(12,264)	(2)	8,329	2	(8,239)	-
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total items that may be reclassified to profit or loss	1,511	1	(12,264)	(2)	8,329	2	(8,239)	-
8300	Other comprehensive (loss) income	(119)	-	7,571	1	(637)	-	29,800	2
8500	Total comprehensive (loss) income	\$ 15,092	6	(2,390)	-	(53,833)	(11)	30,801	2
	Basic earnings per share (note 6(p)) (expressed in NTD)								
9750	Basic earnings (loss) per share	\$ 0.05		(0.03)		(0.16)		0.003	
9850	Diluted earnings (loss) per share	\$ 0.05		(0.03)		(0.16)		0.003	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the six months ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent					Other equity interest			
	Ordinary shares	Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Total equity	
		Legal reserve	Special reserve	Accumulated deficits					
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)
Profit for the six months ended June 30, 2023	-	-	-	1,001	1,001	-	-	-	1,001
Other comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	(8,239)	38,039	29,800	29,800
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	1,001	1,001	(8,239)	38,039	29,800	30,801
Balance at June 30, 2023	\$ 3,307,792	8,504	1,224	3,544	13,272	(48,614)	(80,462)	(129,076)	3,191,988
Balance at January 1, 2024	\$ 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 six months ended June 30, 2024	-	-	-	(53,196)	(53,196)	-	-	-	(53,196)
Other comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	-	8,329	(8,966)	(637)	(637)
Total comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	(53,196)	(53,196)	8,329	(8,966)	(637)	(53,833)
Balance at June 30, 2024	\$ 3,307,792	-	-	(77,836)	(77,836)	(33,322)	(99,753)	(133,075)	3,096,881

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the six months ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2024	2023
Cash flows from (used in) operating activities:		
(Loss) profit before tax	\$ (53,196)	19,614
Adjustments:		
Adjustments to reconcile (loss) profit:		
Depreciation expense	48,494	64,455
Amortization expense	1,304	1,857
Net gains on financial assets (liabilities) at fair value through profit or loss	(105,100)	-
Interest expense	6,821	8,517
Interest income	(15,771)	(8,478)
Loss on disposal of property, plant and equipment	-	504
Others	(5)	51
Total adjustments to reconcile (loss) profit	<u>(64,257)</u>	<u>66,906</u>
Changes in operating assets and liabilities:		
Decrease in notes and trade receivables	21,484	167,403
(Increase) decrease in trade receivables due from related parties	(52,801)	31,933
Decrease (increase) in other receivables	1,406	(10,710)
Decrease (increase) in other receivable due from related parties	7,044	(6,314)
Decrease in inventories	73,338	418,228
Decrease in prepayments and other current assets	<u>1,646</u>	<u>20,666</u>
Total changes in operating assets	<u>52,117</u>	<u>621,206</u>
Increase (decrease) in trade payables (including related parties)	20,547	(521,954)
Decrease in other payable (including related parties)	(5,260)	(49,697)
(Decrease) increase in other operating liabilities	<u>(8,999)</u>	<u>28,364</u>
Total changes in operating liabilities	<u>6,288</u>	<u>(543,287)</u>
Total changes in operating assets and liabilities, net	<u>58,405</u>	<u>77,919</u>
Total adjustments	<u>(5,852)</u>	<u>144,825</u>
Cash (outflow) inflow generated from operations	(59,048)	164,439
Interest received	14,682	21,607
Interest paid	(6,904)	(8,586)
Income taxes paid	<u>(999)</u>	<u>(33,404)</u>
Net cash flows (used in) from operating activities	<u>(52,269)</u>	<u>144,056</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(12,009)	(16,960)
Proceeds from disposal of property, plant and equipment	-	124
Acquisition of intangible assets	(373)	(2,124)
Decrease in other financial assets	28,338	21,466
Decrease in other non-current assets	<u>173</u>	<u>6,264</u>
Net cash flows from investing activities	<u>16,129</u>	<u>8,770</u>
Cash flows from (used in) financing activities:		
Repayments of long-term borrowings	(61,075)	(53,076)
Payment of lease liabilities	<u>(10,238)</u>	<u>(9,993)</u>
Net cash flows used in financing activities	<u>(71,313)</u>	<u>(63,069)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>8,326</u>	<u>(8,237)</u>
Net (decrease) increase in cash and cash equivalents	(99,127)	81,520
Cash and cash equivalents at beginning of period	<u>1,331,694</u>	<u>1,486,260</u>
Cash and cash equivalents at end of period	<u><u>\$ 1,232,567</u></u>	<u><u>1,567,780</u></u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the six months ended June 30, 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 consolidated financial statements comprised the Company and its subsidiaries (together referred to as the “Group” and individually as the “Group entities”). The major business activities of the Group include the manufacture and sale of networking system equipment and the components thereof, and research and development of pertinent technology.

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

The consolidated financial statements were authorized for issue by the Board of Directors on August 6, 2024.

(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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated 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 endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
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"> • 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. • 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. • 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. 	January 1, 2027

(Continued)

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

(4) Summary of material accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by the FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Remark
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	Qianjin Investment Co., Ltd.	Investment holding	100 %	100 %	100 %	
"	Huge Castle Ltd.	Investment holding	100 %	100 %	100 %	
Qianjin Investment Co., Ltd.	SOARNEX TECHNOLOGY CORPORATION	International trade, and wholesale of telecommunications equipment and information software	- %	- %	- %	Note 1
SOARNEX TECHNOLOGY CORPORATION	Soarnex Holding Co., Ltd.	Investment holding	- %	- %	- %	Notes 3 and 5

(Continued)

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Remark
			June 30, 2024	December 31, 2023	June 30, 2023	
Huge Castle Ltd.	Perfect Choice Co., Ltd.	Investment holding and trading	- %	100 %	100 %	Note 4
"	Luis Jo'se Investment Inc.	Investment	100 %	100 %	100 %	Note 5
Perfect Choice Co., Ltd.	NETTECH TECHNOLOGY (SUZHOU) CO., LTD	Production, processing, and sale of electronic communications equipment	- %	- %	100 %	Note 2
Luis Jo'se Investment Inc.	Suzhou Soarnex Technology Co., Ltd	Software development and software services on computer information systems	100 %	100 %	100 %	Note 5

Note 1: 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 2: 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.

Note 3: Soarnex Holding Co., Ltd. was automatically deregistered in 2020 because was not pay the annual fee. And the parent company, SOARNEX TECHNOLOGY CORPORATION completed its liquidation on April 24, 2023.

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 2024.

Note 5: A non-significant subsidiary, the financial statements for the six months ended June 30, 2024 and 2023 have not been reviewed.

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

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset 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.

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It 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.

(d) Income tax

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(e) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRS Accounting Standards (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2023.

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statement of the current period and the 2023 consolidated financial statements. Please refer to note (6) of the consolidated financial statements for the year ended December 31, 2023.

(a) Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Foreign currencies on hand and petty cash	\$ 643	618	1,485
Check and demand deposits	100,520	614,799	720,484
Time deposits	1,094,400	716,277	845,811
Cash equivalents - repurchase agreement	37,004	-	-
	<u>\$ 1,232,567</u>	<u>1,331,694</u>	<u>1,567,780</u>

- (i) As of June 30, 2024, December 31 and June 30, 2023, the Group's time deposits more than three months recognized as other current financial assets amounted to \$277,362, \$305,700 and \$0, respectively.
- (ii) Please refer to note 6(s) for exchange rate risk, interest rate risk, and the fair value sensitivity analysis of the financial assets of the Group.

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

	June 30, 2024	December 31, 2023	June 30, 2023
Private placement shares of domestic listed company	\$ <u>232,150</u>	<u>127,050</u>	<u>-</u>

- (i) On December 4, 2023, the Group 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.
- (ii) For the three months and six months ended June 30, 2024, the Group's gains on financial assets at fair value through profit and loss both amounted to \$105,100.
- (iii) Please refer to note 6(s) for exposures to credit risk and currency risk.
- (iv) As of June 30, 2024, December 31 and June 30, 2023, the Group did not provide any aforementioned financial assets as collateral for its loans.

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	June 30, 2024	December 31, 2023	June 30, 2023
Equity investments at fair value through other comprehensive income:			
Common shares of domestic listed company	\$ 99,444	108,410	118,735

- (i) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.
- (ii) There were no disposal of strategic investments and transfer of any cumulative gain or loss within equity relating to these investments for the six months ended June 30, 2024 and 2023.
- (iii) For the disclosure of market risk, please refer to note 6(s).
- (iv) The aforementioned financial assets were not pledged as collateral.

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

	June 30, 2024	December 31, 2023	June 30, 2023
Trade receivables — measured at amortized cost	\$ 117,815	137,359	320,484
Trade receivables — measured at fair value through other comprehensive income	161,390	110,529	554,712
	279,205	247,888	875,196
Less: loss allowance	-	-	-
Notes and trade receivables, net	\$ 279,205	247,888	875,196

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

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

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 279,095	0%	-
1~30 days past due	110	0%	-
	\$ 279,205		-
December 31, 2023			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 246,672	0%	-
1~30 days past due	1,216	0%	-
	\$ 247,888		-
June 30, 2023			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 840,246	0%	-
1~30 days past due	17,472	0%	-
31~60 days past due	17,478	0%	-
	\$ 875,196		-

For the six months ended June 30, 2024 and 2023, the movement in the allowance for notes and trade receivable were remained unchanged.

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

The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement by them. The amounts receivable from the financial institutions were recognized as "other receivables" upon the derecognition of those accounts receivable.

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of June 30, 2023, the details of the factored accounts receivable were as follows:

June 30, 2023						
Purchaser	Amount Derecognized	Amount Paid	Advanced Unpaid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial institutions	\$ 47,796	-	43,016	47,796	-	None

The Group did not enter into an accounts receivable factoring agreement with banks as of June 30, 2024 and December 31, 2023.

The aforementioned financial assets were not pledged as collateral.

(e) Other receivables (including related parties)

	June 30, 2024	December 31, 2023	June 30, 2023
Other receivables	\$ 20,612	27,973	26,483
Other receivables—accounts receivable factoring agreement with banks	-	-	47,796
Less: loss allowance	(13,553)	(13,553)	(13,553)
	\$ 7,059	14,420	60,726

For the six months ended June 30, 2024 and 2023, the movement in the allowance for impairment loss to other receivables were remained unchanged.

(f) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$ 458,159	479,185	572,439
Work in progress and semi-finished goods	49,696	78,829	89,515
Finished goods	25,333	48,512	131,163
	\$ 533,188	606,526	793,117

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Operating cost were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Sale of inventories	\$ 218,347	675,294	412,804	1,584,802
Write-down of inventories	6,806	10,458	17,638	7,302
Loss on disposal of inventories	-	-	-	12,845
Loss (gain) on physical inventories	1	24	1	(4)
Unallocated production overheads	46,351	50,236	94,313	85,489
	<u>\$ 271,505</u>	<u>736,012</u>	<u>524,756</u>	<u>1,690,434</u>

(ii) As of June 30, 2024, December 31 and June 30, 2023, the Group did not provide any inventories as collateral for its loans.

(g) Property, plant and equipment

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

	Land	Buildings and construction	Machinery and equipment	Molding equipment	Office and other facilities	Lease improvements	Total
Cost or deemed cost:							
Balance at January 1, 2024	\$ 346,639	1,127,628	541,108	5,640	64,959	23,921	2,109,895
Additions	-	-	12,009	-	-	-	12,009
Disposal and derecognition	-	-	(33,457)	-	-	-	(33,457)
Effects of movements in exchange rates	-	-	200	16	9	-	225
Balance at June 30, 2024	<u>\$ 346,639</u>	<u>1,127,628</u>	<u>519,860</u>	<u>5,656</u>	<u>64,968</u>	<u>23,921</u>	<u>2,088,672</u>
Balance at January 1, 2023	\$ 346,639	1,131,005	526,031	7,532	64,534	23,921	2,099,662
Additions	-	-	15,741	207	126	-	16,074
Disposal and derecognition	-	-	(3,772)	(426)	-	-	(4,198)
Transferred into (out)	-	-	(51)	-	-	-	(51)
Effect of movements in exchange rates	-	-	(1)	(29)	(4)	-	(34)
Balance at June 30, 2023	<u>\$ 346,639</u>	<u>1,131,005</u>	<u>537,948</u>	<u>7,284</u>	<u>64,656</u>	<u>23,921</u>	<u>2,111,453</u>

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<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>
Depreciation and impairments loss:							
Balance at January 1, 2024	\$ -	185,878	476,165	4,056	60,351	23,921	750,371
Depreciation	-	17,871	17,937	171	2,106	-	38,085
Disposal and derecognition	-	-	(33,457)	-	-	-	(33,457)
Effects of movements in exchange rates	-	-	200	13	9	-	222
Balance at June 30, 2024	<u>\$ -</u>	<u>203,749</u>	<u>460,845</u>	<u>4,240</u>	<u>62,466</u>	<u>23,921</u>	<u>755,221</u>
Balance at January 1, 2023	\$ -	151,278	416,598	4,524	54,472	23,921	650,793
Depreciation	-	19,019	31,147	1,132	3,015	-	54,313
Disposal and derecognition	-	-	(3,144)	(426)	-	-	(3,570)
Effects of movements in exchange rates	-	-	1	(30)	(3)	-	(32)
Balance at June 30, 2023	<u>\$ -</u>	<u>170,297</u>	<u>444,602</u>	<u>5,200</u>	<u>57,484</u>	<u>23,921</u>	<u>701,504</u>
Carrying amount:							
Balance at January 1, 2024	<u>\$ 346,639</u>	<u>941,750</u>	<u>64,943</u>	<u>1,584</u>	<u>4,608</u>	<u>-</u>	<u>1,359,524</u>
Balance at June 30, 2024	<u>\$ 346,639</u>	<u>923,879</u>	<u>59,015</u>	<u>1,416</u>	<u>2,502</u>	<u>-</u>	<u>1,333,451</u>
Balance at January 1, 2023	<u>\$ 346,639</u>	<u>979,727</u>	<u>109,433</u>	<u>3,008</u>	<u>10,062</u>	<u>-</u>	<u>1,448,869</u>
Balance at June 30, 2023	<u>\$ 346,639</u>	<u>960,708</u>	<u>93,346</u>	<u>2,084</u>	<u>7,172</u>	<u>-</u>	<u>1,409,949</u>

(i) As of June 30, 2024, December 31 and June 30, 2023, the property, plant, and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

(h) Right-of-use assets

	<u>Buildings and construction</u>	<u>Transportation equipment</u>	<u>Total</u>
Carrying amount:			
Balance at January 1, 2024	<u>\$ 51,757</u>	<u>437</u>	<u>52,194</u>
Balance at June 30, 2024	<u>\$ 43,747</u>	<u>219</u>	<u>43,966</u>
Balance at January 1, 2023	<u>\$ 71,098</u>	<u>873</u>	<u>71,971</u>
Balance at June 30, 2023	<u>\$ 62,378</u>	<u>655</u>	<u>63,033</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of buildings and transportation equipments that are held as right-of-use assets for the six months ended June 30, 2024 and 2023, Please refer to note 6(h) of the 2023 annual consolidated financial statements for other related information.

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Intangible assets

	<u>Patent</u>	<u>Computer software and others</u>	<u>Total</u>
Carrying amount:			
Balance at January 1, 2024	\$ <u>533</u>	<u>9,903</u>	<u>10,436</u>
Balance at June 30, 2024	\$ <u>565</u>	<u>8,940</u>	<u>9,505</u>
Balance at January 1, 2023	\$ <u>754</u>	<u>10,893</u>	<u>11,647</u>
Balance at June 30, 2023	\$ <u>747</u>	<u>11,167</u>	<u>11,914</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2024 and 2023. Information on amortization for the period is disclosed in note 12. Please refer to note 6(i) to the 2023 annual consolidated financial statements for other related information.

(j) Long-term borrowings

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

<u>June 30, 2024</u>				
	<u>Currency</u>	<u>Range of interest rates</u>	<u>Maturity year</u>	<u>Amount</u>
Secured loans	NTD	1.475%~2.235%	June 2025~May 2033	\$ 589,957
Less: current portion				(122,151)
Total				<u>\$ 467,806</u>
Unused credit lines				<u>\$ 94,000</u>
<u>December 31, 2023</u>				
	<u>Currency</u>	<u>Range of interest rates</u>	<u>Maturity year</u>	<u>Amount</u>
Secured loans	NTD	1.35%~2.11%	June 2025~May 2033	\$ 651,032
Less: current portion				(122,151)
Total				<u>\$ 528,881</u>
Unused credit lines				<u>\$ 97,000</u>
<u>June 30, 2023</u>				
	<u>Currency</u>	<u>Range of interest rates</u>	<u>Maturity year</u>	<u>Amount</u>
Secured loans	NTD	1.35%~2.11%	June 2025~February 2035	\$ 834,259
Less: current portion				(122,151)
Total				<u>\$ 712,108</u>
Unused credit lines				<u>\$ 94,000</u>

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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- (i) For the six months ended June 30, 2024, the repayments amounted to \$61,075.
- (ii) For the six months ended June 30, 2023, the repayments amounted to \$53,076.
- (iii) Information about the Group's risk exposure associated with interest rate, foreign currency, and liquidity is included in note 6(s).
- (iv) Please see note 8 for the Group's property pledged as collateral to secure the long-term borrowings.
- (k) Lease liabilities

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

	June 30, 2024	December 31, 2023	June 30, 2023
Current	\$ <u>20,812</u>	<u>20,011</u>	<u>20,379</u>
Non-current	\$ <u>23,538</u>	<u>32,401</u>	<u>42,932</u>

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

The amounts recognized in profit or loss were as follow:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest expense on lease liabilities	\$ <u>235</u>	<u>179</u>	<u>488</u>	<u>367</u>
Expenses relating to short-term leases	\$ <u>-</u>	<u>-</u>	<u>238</u>	<u>378</u>
Cost of low-value leased assets	\$ <u>92</u>	<u>100</u>	<u>158</u>	<u>201</u>

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

	For the six months ended June 30,	
	2024	2023
Total cash outflow for leases	\$ <u>11,122</u>	<u>10,939</u>

- (i) Real estate leases

The Group 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 Group leased transportation equipment with leased terms for 3 years.

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(l) Provisions

The Group's provision for warranty was for sales of products. Provision for warranty was estimated based on the historical warranty information on similar products or services. The Group expected that most of the cost would occur within 1 year after sales. There were no significant changes in provisions for the six months ended June 30, 2024 and 2023. Please refer to note 6(l) to the consolidated financial statements for the year ended December 31, 2023 for other related information.

(m) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2023 and 2022.

For the three months and six months ended June 30, 2024 and 2023, the expenses recognized in profit or loss for the Group both amounted to \$0, respectively.

(ii) Defined contribution plans

The Group's expenses for the pension plan under the defined contribution pension plan amounted to \$3,399, \$4,246, \$6,842 and \$8,482 for the three months and six months ended June 30, 2024 and 2023, respectively, which were recorded as operating costs and expenses and were contributed to the Bureau of Labor Insurance.

In accordance with the regulations of the government of Mainland China, the subsidiaries in Mainland China pay monthly basic pension insurance premiums based on a certain percentage of the total wages of employees, which amounted to \$1,111, \$955, \$2,131 and \$2,005 for the three months and six months ended June 30, 2024 and 2023, respectively.

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Income taxes

(i) The components of income tax expense were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Current tax expense				
Current period	\$ -	28,959	-	29,355
Deferred tax expense				
Origination and reversal of temporary differences	-	(10,742)	-	(10,742)
Income tax expense	<u>\$ -</u>	<u>18,217</u>	<u>-</u>	<u>18,613</u>

(ii) The income taxes of the Group in accordance with the laws of each country of registration, income taxes of the respective Group entities should be separately declared as a reporting unit, instead of combine declaration.

(iii) The Company's tax returns for the years through 2022 have been examined and approved by the tax authorities. The income tax returns of the Company's subsidiaries, Qianjin Investment Co., Ltd. have been examined and assessed by the tax authorities for the years through 2022.

(o) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the six months ended June 30, 2024 and 2023. For the related information, please refer to note 6(o) to the consolidated financial statements for the year ended December 31, 2023.

(i) Retained earnings

If there is any surplus in the Company's final accounts, the Company shall first pay the tax and make up for the past losses, and if there is still any surplus, it shall be distributed in the following order:

- 1) 10 percent of the net profit shall be allocated as legal reserve until the accumulated legal reserve equals the paid-in capital.
- 2) A special reserve shall be set aside or reversed in accordance with applicable laws and regulations and the Company's operational needs.
- 3) 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. The total distribution of dividends to stockholders shall not be less than 10% of the current distributable earnings. Cash dividends, however, shall account for at least 10 percent of every distribution.

a) Earnings distribution

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

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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	2022	
	<u>Amount per share (NTD)</u>	<u>Total amount</u>
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.22	<u>72,771</u>

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

(p) Earnings (loss) per share

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

	For the three months ended June 30,		For the six months ended June 30,	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Basic earnings (loss) per share (in New Taiwan Dollars)				
Net (loss) profit attributable to ordinary shareholders of the Company	\$ <u>15,211</u>	<u>(9,961)</u>	<u>(53,196)</u>	<u>1,001</u>
Weighted-average number of ordinary shares outstanding (in thousand shares)	<u>330,780</u>	<u>330,780</u>	<u>330,780</u>	<u>330,780</u>
Basic (loss) earnings per share (in New Taiwan Dollars)	\$ <u>0.05</u>	<u>(0.03)</u>	<u>(0.16)</u>	<u>0.003</u>
Diluted earnings (loss) per share (in New Taiwan Dollars)				
Net (loss) profit attributable to ordinary shareholders of the Company	\$ <u>15,211</u>	<u>(9,961)</u>	<u>(53,196)</u>	<u>1,001</u>
Weighted-average number of ordinary shares outstanding (in thousand shares)	330,780	330,780	330,780	330,780
Effect of dilutive potential ordinary shares				
Employees' bonuses	-	-	-	58
Weighted-average number of ordinary shares outstanding (in thousand shares)	<u>330,780</u>	<u>330,780</u>	<u>330,780</u>	<u>330,838</u>
Diluted (loss) earnings per share (in New Taiwan Dollars)	\$ <u>0.05</u>	<u>(0.03)</u>	<u>(0.16)</u>	<u>0.003</u>

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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For the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024, the Group was not impacted by the effects of dilutive potential ordinary shares.

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Primary geographical markets:				
Asia	\$ 164,164	478,751	320,944	981,206
Europe	21,075	203,329	37,177	486,832
United States	51,323	78,303	93,577	302,296
Other	20,659	44,142	40,290	105,038
	<u>\$ 257,221</u>	<u>804,525</u>	<u>491,988</u>	<u>1,875,372</u>
Major products:				
Wired communication products	\$ 223,963	640,673	413,242	1,573,998
Wireless communication products	26,578	146,775	70,238	268,384
Repairs and maintenance revenues and others	6,680	17,077	8,508	32,990
	<u>\$ 257,221</u>	<u>804,525</u>	<u>491,988</u>	<u>1,875,372</u>

(ii) Contract balances

	June 30, 2024	December 31, 2023	June 30, 2023
Notes and trade receivables	\$ 279,205	247,888	875,196
Less: loss allowance	-	-	-
	<u>\$ 279,205</u>	<u>247,888</u>	<u>875,196</u>
Contract liabilities (recorded as other current liabilities)	<u>\$ 16,826</u>	<u>18,337</u>	<u>18,791</u>

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

The amounts of revenue recognized for the six months ended June 30, 2024 and 2023 that were included in the contract liability balance at the beginning of the periods were \$1,016 and \$0, 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.

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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(r) Remuneration to employees and directors

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

The Company incurred net loss before tax for the six months ended June 30, 2024, and thus, the Company was not required to accrue any remuneration to its employees and directors.

For the three months and six months ended June 30, 2023, the Company estimated its employee remuneration amounting to \$(315) and \$34, respectively, and directors' remuneration amounting to \$(210) and \$23, respectively. The estimated amounts mentioned, above are calculated based on net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the company's articles, these remuneration were expensed under operating costs or operating expense during the period.

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

For the year ended December 31, 2022, the accrued remuneration of the Company's employees amounting to \$2,392, and directors' remuneration amounting to \$1,594, respectively. There were no differences between the distributed amounts and the accrued amounts in the consolidated financial statements. The information is available on the Market Observation Post System website.

(s) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(s) to the consolidated financial statements for the year ended December 31, 2023.

(i) Credit risk

1) Concentration of credit risk

As of June 30, 2024, December 31 and June 30, 2023, the notes and trade receivables due from the customers whose sales contributed over 10% of the Group's operating revenue, occupied 89%, 97% and 76% of the Group's total notes and trade receivables, respectively.

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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2) Receivables

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

Other financial assets measured at amortized cost include other receivables and time deposits. 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(g) of the consolidated financial statements for the year ended December 31, 2023.)

The movements in the allowance of other receivables for the six months ended June 30, 2024 and 2023, please refer to note 6(e).

(ii) Liquidity risk

The followings are the contractual maturities of financial liabilities, including 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>
June 30, 2024					
Non-derivative financial liabilities					
Trade payables (including related parties)	\$ 217,658	(217,658)	(217,658)	-	-
Other payables (including related parties)	92,679	(92,679)	(92,679)	-	-
Long-term borrowings (including current portion)	589,957	(646,698)	(133,765)	(59,879)	(453,054)
Lease liabilities (including current and non-current)	<u>44,350</u>	<u>(45,321)</u>	<u>(21,497)</u>	<u>(20,527)</u>	<u>(3,297)</u>
	<u>\$ 944,644</u>	<u>(1,002,356)</u>	<u>(465,599)</u>	<u>(80,406)</u>	<u>(456,351)</u>
December 31, 2023					
Non-derivative financial liabilities					
Trade payables (including related parties)	\$ 197,111	(197,111)	(197,111)	-	-
Other payables (including related parties)	98,022	(98,022)	(98,022)	-	-
Long-term borrowings (including current portion)	651,032	(710,811)	(134,105)	(97,065)	(479,641)
Lease liabilities (including current and non-current)	<u>52,412</u>	<u>(53,827)</u>	<u>(20,862)</u>	<u>(19,779)</u>	<u>(13,186)</u>
	<u>\$ 998,577</u>	<u>(1,059,771)</u>	<u>(450,100)</u>	<u>(116,844)</u>	<u>(492,827)</u>

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year</u>	<u>1-2 years</u>	<u>Over 2 years</u>
June 30, 2023					
Non-derivative financial liabilities					
Trade payable (including related parties)	\$ 563,451	(563,451)	(563,451)	-	-
Other payables (including related parties)	235,319	(235,319)	(235,319)	-	-
Long-term borrowings (including current portion)	834,259	(928,703)	(137,689)	(135,675)	(655,339)
Lease liabilities (including current and non-current)	<u>63,311</u>	<u>(64,396)</u>	<u>(20,955)</u>	<u>(20,326)</u>	<u>(23,115)</u>
	<u>\$ 1,696,340</u>	<u>(1,791,869)</u>	<u>(957,414)</u>	<u>(156,001)</u>	<u>(678,454)</u>

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

(iii) Market risk

1) Currency risk

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

Unit: foreign currency in thousands

	<u>June 30, 2024</u>			<u>December 31, 2023</u>			<u>June 30, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
Financial assets									
Monetary items									
USD	\$ 10,554	USD/NTD =32.450	342,477	12,880	USD/NTD =30.735	395,867	39,714	USD/NTD =31.135	1,236,495
USD	7,198	USD/CNY =7.2667	233,575	9,008	USD/CNY =7.0974	276,832	14,559	USD/CNY =7.2526	453,300
CNY	9,829	CNY/NTD =4.465576	43,892	20,136	CNY/NTD =4.330	87,189	16,147	CNY/NTD =4.293	69,319
Financial liabilities									
Monetary items									
USD	5,423	USD/NTD =32.450	175,976	8,149	USD/NTD =30.735	250,460	19,490	USD/NTD =31.135	606,821
USD	138	USD/CNY =7.2667	4,478	132	USD/CNY =7.0974	4,057	146	USD/CNY =7.2526	4,546
CNY	3,368	CNY/NTD =4.465576	15,040	2,523	CNY/NTD =4.330	10,925	7,226	CNY/NTD =4.293	31,021

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's exposure to foreign currency risk mainly arose from the translation of cash and cash equivalents, trade receivables, other receivables, trade payables and other payables (including related parties) denominated in foreign currency. Depreciation or appreciation of the USD against the NTD or the USD against CNY by 5%, as of June 30, 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:

	For the six months ended June 30,	
	2024	2023
	(Increase) decrease net loss before tax	Increase (decrease) net profit before tax
USD (against the NTD)		
Appreciation 5%	\$ 8,325	31,484
Depreciation 5%	(8,325)	(31,484)
USD (against the CNY)		
Appreciation 5%	11,455	22,438
Depreciation 5%	(11,455)	(22,438)
CNY (against the NTD)		
Appreciation 5%	1,443	1,915
Depreciation 5%	(1,443)	(1,915)

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months and six months ended June 30, 2024 and 2023, the foreign exchange gain, including both realized and unrealized, amounted to \$6,036, \$27,773, \$21,737, \$15,810, respectively.

2) Interest rate analysis

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

	Carrying amount		
	June 30, 2024	December 31, 2023	June 30, 2023
Variable rate instruments:			
Financial assets	\$ 98,789	613,068	718,750
Financial liabilities	(589,957)	(651,032)	(834,259)
	<u><u>\$ (491,168)</u></u>	<u><u>(37,964)</u></u>	<u><u>(115,509)</u></u>

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

If the interest rate had increased or decreased by 0.25%, with all other variable factors remaining constant, the Group's net loss before tax would have increased or decreased by \$614 for the six months ended June 30, 2024, and the Group's net profit before tax would have decreased or increased by \$144 for the six months ended June 30, 2023. The basis of analysis was the same for both periods, mainly due to the Group's demand deposits and borrowings at variable interest rates.

3) 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:

	For the six months ended June 30,			
	2024		2023	
	Other comprehensive income, before tax	Profit or loss before tax	Other comprehensive income, before tax	Profit or loss before tax
5% increase	\$ 4,972	11,608	5,937	-
5% decrease	\$ (4,972)	(11,608)	(5,937)	-

(iv) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

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

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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		June 30, 2024			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Private stocks	\$ 232,150	-	-	232,150	232,150
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	99,444	99,444	-	-	99,444
Trade receivables	161,390	-	-	-	-
Subtotal	260,834				
Financial assets measured at amortized cost					
Cash and cash equivalents	1,232,567	-	-	-	-
Trade receivables (including related parties)	117,815	-	-	-	-
Other receivables (including related parties)	7,059	-	-	-	-
Other financial assets	277,362	-	-	-	-
Guarantee deposits paid	5,816	-	-	-	-
Subtotal	1,640,619				
Total	\$ 2,133,603				
Financial liabilities at measured amortized cost:					
Secured bank loans (including current portion)	\$ 589,957	-	-	-	-
Trade payables (including related parties)	217,658	-	-	-	-
Other payables (including related parties)	92,679	-	-	-	-
Lease liabilities (including current and non-current)	44,350	-	-	-	-
Total	\$ 944,644				

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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		December 31, 2023			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Private stocks	\$ 127,050	-	-	127,050	127,050
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	108,410	108,410	-	-	108,410
Trade receivables	110,529	-	-	-	-
Subtotal	218,939				
Financial assets measured at amortized cost					
Cash and cash equivalents	1,331,694	-	-	-	-
Trade receivables (including related parties)	137,359	-	-	-	-
Other receivables (including related parties)	14,420	-	-	-	-
Other financial assets	305,700	-	-	-	-
Guarantee deposits paid	5,545	-	-	-	-
Subtotal	1,794,718				
Total	\$ 2,140,707				
Financial liabilities measured at amortized cost:					
Secured bank loans (including current portion)	\$ 651,032	-	-	-	-
Trade payables (including related parties)	197,111	-	-	-	-
Other payables (including related parties)	98,022	-	-	-	-
Lease liabilities (including current and non-current)	52,412	-	-	-	-
Total	\$ 998,577				

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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		June 30, 2023				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income						
Domestic listed stocks	\$	118,735	118,735	-	-	118,735
Trade receivables		<u>554,712</u>	-	-	-	-
Subtotal		<u>673,447</u>				
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	1,567,780	-	-	-	-
Trade receivables (including related parties)		320,484	-	-	-	-
Other receivables (including related parties)		60,726	-	-	-	-
Guarantee deposits paid		<u>5,554</u>	-	-	-	-
Subtotal		<u>1,954,544</u>				
Total	\$	<u><u>2,627,991</u></u>				
Financial liabilities measured at amortized cost:						
Secured bank loans (including current portion)	\$	834,259	-	-	-	-
Trade payables (including related parties)		563,451	-	-	-	-
Other payables (including related parties)		235,319	-	-	-	-
Lease liabilities (including current and non-current)		<u>63,311</u>	-	-	-	-
Total	\$	<u><u>1,696,340</u></u>				

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

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

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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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 Group 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 of stocks of listed companies, the fair value is determined by the market quotations and evaluation techniques, and is also determined by examining liquidity discounts.

The Group 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 three months and six months ended June 30, 2024 and 2023.

5) Reconciliation of level 3 fair values

	Financial assets at fair value through profit or loss-non current
Balance on January 1, 2024	\$ 127,050
Total gains or losses recognized:	
In profit or loss	105,100
Balance on June 30, 2024	<u><u>\$ 232,150</u></u>

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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Balance on June 30, 2023 (January 1, 2023) \$ -

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

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss-Private stock	<ul style="list-style-type: none"> • Market Approach and Finnerty model are adopted at June 30, 2024 • Black-Scholes model and Finnerty model are adopted at December 31, 2023 	<ul style="list-style-type: none"> • Lack of market liquidity discount (22.61% and 24.82%, respectively, as of June 30, 2024 and December 31, 2023) 	<ul style="list-style-type: none"> • The higher the lack of market liquidity discount, the lower the fair value

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

The fair value measurement of financial instruments by the Group is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results. For financial instruments classified as Level 3, if the evaluation parameters change, the impact on the current period's profit or loss is as follows:

	Inputs	Upward or downward movement	Change in fair value through the current period's profit or loss	
			Favorable	Unfavorable
June 30, 2024				
Non current financial assets at fair value through profit or loss	Lack of market liquidity discount	5%	\$ <u>15,000</u>	<u>(15,000)</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>

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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(t) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note (6)(t) of the consolidated financial statements for the year ended December 31, 2023.

(u) Capital management

The Group's objectives, policies and processes of capital management are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2023. There were no significant changes of quantitative data of capital management compared to the consolidated financial statements for the year ended December 31, 2023. Please refer to note (6)(u) of the consolidated financial statements for the year ended December 31, 2023 for further details.

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

The Group's investing and financial activities, which did not affect the current cash flows in the six months ended June 30, 2024 and 2023, were as follows:

(i) The acquisition of right-of-use assets by leases, please refer to note 6(h).

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

	January 1, 2024	Cash Flow	Non-cash changes		June 30, 2024
			Addition	Lease modifications	
Long-term borrowings (including current portion)	\$ 651,032	(61,075)	-	-	589,957
Lease liabilities	52,412	(10,238)	2,697	(521)	44,350
Total amount of liabilities arising from financing activities	<u>\$ 703,444</u>	<u>(71,313)</u>	<u>2,697</u>	<u>(521)</u>	<u>634,307</u>
	January 1, 2023	Cash Flow	Non-cash changes		June 30, 2023
			Addition	Lease modifications	
Long-term borrowings (including current portion)	\$ 887,335	(53,076)	-	-	834,259
Lease liabilities	72,100	(9,993)	1,204	-	63,311
Total amount of liabilities arising from financing activities	<u>\$ 959,435</u>	<u>(63,069)</u>	<u>1,204</u>	<u>-</u>	<u>897,570</u>

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated 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 Group, and D-Link Corporation is the ultimate controlling party of the Group, and has prepared the consolidated financial statements.

- (b) Names and relationship with related parties

The followings are related parties that had transactions with the Group during the periods covered in the consolidated financial statements:

<u>Name of related party</u>	<u>Relationship with the Company</u>
D-Link Corporation	Parent Company (Note1)
D-Link International Pte Ltd. (D-Link International)	Subsidiary of D-Link Corporation (Note1)
TeamF1 Networks Private Limited (TeamF1 India)	Subsidiary of D-Link Corporation
D-Link (Shanghai) Co.,Ltd.	Subsidiary of D-Link Corporation (Note1)
Amigo Technology Inc.	Other related party
SAPIDO TECHNOLOGY INC.	Other related party
TSG Hawks Baseball Co.,Ltd.	Other related party
TSG TRANSPORTATION CORP.	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.

- (c) Significant transactions with related parties

- (i) Sales to related parties

The amounts of significant sales by the Group to related parties and the outstanding balances are as follows:

	<u>Sales</u>				<u>Trade receivables due from related parties</u>		
	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>				
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
D-Link Corporation	\$ 132,279	347,362	240,946	894,459	161,390	92,106	424,029
D-Link (Shanghai) Co., Ltd.	-	86,556	28,020	206,404	-	18,423	96,838
Other related parties	1,783	649	1,844	2,961	1,965	25	373
	<u>\$ 134,062</u>	<u>434,567</u>	<u>270,810</u>	<u>1,103,824</u>	<u>163,355</u>	<u>110,554</u>	<u>521,240</u>

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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The collection period of goods sold by the Group to related parties was mainly 90 days after delivery and might be extended if necessary. For most third parties, the collection period was open account 60 days. The price for sales to the above related parties was determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

(ii) Purchases from related parties

The amounts of purchases by the Group from related parties and the outstanding balances were as follows:

	Purchase				Payables to related parties		
	For the three months ended June 30,		For the six months ended June 30,		June 30,	December	June 30,
	2024	2023	2024	2023	2024	31, 2023	2023
Parent company	\$ -	178	-	178	-	-	189
Other related parties	579	6,892	1,295	6,892	198	5,788	3,197
	<u>\$ 579</u>	<u>7,070</u>	<u>1,295</u>	<u>7,070</u>	<u>198</u>	<u>5,788</u>	<u>3,386</u>

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

(iii) Payment to related parties

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

	Miscellaneous expenses				Other payables		
	For the three months ended June 30,		For the six months ended June 30,		June 30,	December	June 30,
	2024	2023	2024	2023	2024	31, 2023	2023
Parent company	\$ -	2,830	419	3,085	-	-	522
Other related parties	2,979	2,066	3,790	4,355	1,671	-	771
	<u>\$ 2,979</u>	<u>4,896</u>	<u>4,209</u>	<u>7,440</u>	<u>1,671</u>	<u>-</u>	<u>1,293</u>

(iv) Received from related parties

Advances received by the Group from related parties netting to operation expense are set out below:

	Miscellaneous income				Other receivables-related parties		
	For the three months ended June 30,		For the six months ended June 30,		June 30,	December	June 30,
	2024	2023	2024	2023	2024	31, 2023	2023
Parent company	\$ 735	664	4,462	884	778	7,822	7,393
Other related parties	-	502	528	502	-	-	810
	<u>\$ 735</u>	<u>1,166</u>	<u>4,990</u>	<u>1,386</u>	<u>778</u>	<u>7,822</u>	<u>8,203</u>

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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(v) Lease

Since November 1, 2021, the Company has leased part of the Tainan factory to its related parties D-Link Corporation, and the rent has been collected on monthly basis, and the rental income for the six months ended June 30, 2024 and 2023 were both amounted to \$1,186, and the relevant amounts have been recovered.

(d) Key management personnel transactions

Key management personnel's compensation comprised:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Short-term employee benefits	\$ 4,441	1,090	8,610	4,399
Post-employment benefits	81	27	162	54
	<u>\$ 4,522</u>	<u>1,117</u>	<u>8,772</u>	<u>4,453</u>

(8) Pledged assets:

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

Asset name	Pledged to secure	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant, and equipment—land	Long-term bank loans	\$ 346,639	346,639	346,639
Property, plant, and equipment— buildings and construction	Long-term bank loans	913,685	929,171	944,657
		<u>\$ 1,260,324</u>	<u>1,275,810</u>	<u>1,291,296</u>

(9) Commitments and contingencies: None.

(10) Losses due to major disasters: None.

(11) Subsequent events:None.

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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(12) Other:

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

	For the three months ended June 30					
	2024			2023		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
By item						
Employee benefits						
Salary	33,345	56,212	89,557	52,973	48,856	101,829
Labor and health insurance	3,712	4,015	7,727	5,703	4,133	9,836
Pension	1,530	2,980	4,510	2,235	2,966	5,201
Others	3,446	2,470	5,916	5,266	2,677	7,943
Depreciation	15,930	7,980	23,910	24,084	8,033	32,117
Amortization	-	628	628	16	850	866

	For the six months ended June 30					
	2024			2023		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
By item						
Employee benefits						
Salary	65,617	101,813	167,430	107,050	99,785	206,835
Labor and health insurance	7,585	8,374	15,959	11,477	8,932	20,409
Pension	3,120	5,853	8,973	4,438	6,049	10,487
Others	7,000	4,993	11,993	11,512	5,893	17,405
Depreciation	32,429	16,065	48,494	48,470	15,985	64,455
Amortization	6	1,298	1,304	33	1,824	1,857

- (b) Discontinued operation

The Group's operations were not affected by seasonality or cyclicity factors.

(13) Other disclosures:

- (a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Group for the six months ended June 30, 2024:

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(i) Loans to other parties:

(In thousands of new Taiwan dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 4)	Maximum limit of fund financing (Note 4)
													Item	Value		
1	Perfect Choice Co., Ltd.	The Company	Other receivables	Yes	78,253	-	-	-	2	-	Working capital	-		-	Note 5	Note 5
2	Huge Castle Ltd.	The Company	Other receivables	Yes	92,903	-	-	-	2	-	Working capital	-		-	116,096	116,096

Note 1: The numbering is as follows:

(i) "0" represents the Company

(ii) Subsidiaries are numbered starting from "1".

Note 2: The highest balance for the period was calculated based on the exchange rate of June 30, 2024.

Note 3: 1 represents a trading counterparty; 2 indicates the necessity of short-term financing.

Note 4: According to each subsidiary's "Procedures for Loans to Other Parties", for other companies or entities having short-term financing needs, the amount of loan to a single entity shall not exceed 40% of the net worth reported in the latest financial statements as of June 30, 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 June 30, 2024.

Note 5: 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.

Note 6: The transactions above have already been eliminated in the consolidated financial statements.

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

(iii) Securities held as of June 30, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(Shares/units (thousands))

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Harvatek Corporation	None	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	232,150	3.16	232,150	Note 3
Qianjin Investment Co., Ltd.	D-Link Corporation	Parent Company	Non-current financial assets at fair value through other comprehensive income	5,434	99,444	0.90	99,444	

Note 1: Harvatek Corporation has been delisted since October 27, 2008, and the initial investment cost of it amounting to \$60,000 thousand 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 thousand, 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 its company name on May 2, 2024.

(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.

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 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	(240,946)	(49) %	90 days after delivery	Note 1	Note 1	Trade receivables 161,390	58%	

Note 1: The collection period of goods sold by the Group to related parties was mainly 90 days after delivery and might be extended if necessary. For most third parties, the collection period was open account 60 days. The price for sales to the above related parties was determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(Shares/units (thousands))

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Allowance for bad debts	Remark
					Amount	Action taken			
The Company	D-Link Corporation	Parent Company	Trade receivables 161,390	3.80	-		41,418	-	

Note 1: Information as of July 25, 2024.

- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions:

(In thousands of New Taiwan Dollars and foreign currencies)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions				Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms		
1	Huge Castle Ltd.	Suzhou Soarnex Technology Co., Ltd	3	Research and development expenses	21,609 (CNY 4,922)	Not significantly different from the payment to ordinary vendors		4%
3	Suzhou Soarnex Technology Co., Ltd	Huge Castle Ltd.	3	Sales	21,609 (CNY 4,922)	Not significantly different from the payment to ordinary customers		4%

Note 1: Parties to the intercompany transactions are identified and numbered as follows:

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

Note 2: Categories of relationship are as below:

- 1 represents parent to subsidiary
2 represents subsidiary to parent
3 represents subsidiary to subsidiary

Note 3: The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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(b) Information on investees:

The following are the information on investees for the six months ended June 30, 2024 (excluding information on investees in Mainland China):

(Shares/units (thousands))

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 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 %	290,241	(16,982)	(16,982)	Note 1
The Company	Qianjin Investment Co., Ltd.	Taiwan	Investment holding	270,000	270,000	27,000	100 %	144,336	3,047	3,047	Note 1
Less: Unrealized profits (losses) of affiliates								(55)			
								<u>434,522</u>		<u>(13,935)</u>	
Huge Castle Ltd.	Perfect Choice Co., Ltd.	Mauritius	Investment holding and trading	-	(16,261)	-	- %	-	4,944	4,944	Notes 1, 2 and 3
Huge Castle Ltd.	Luis Jo'se Investments Inc.	The British Virgin Islands	Investment holding	43,673	43,673	1,362	100 %	41,127	(2,772)	(2,772)	Note 1

Note 1: The transactions on the left has already been eliminated in the consolidated financial statements.

Note 2: 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 3: 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.

(c) Information on investment in mainland China:

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

(In thousands of New Taiwan Dollars/foreign currencies)

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 June 30, 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 communication technology and products	-	Indirect investments in Mainland China through companies registered in a third region.	\$ 10,481 (USD 323)	-	-	\$ 10,481 (USD 323)	NA	- %	NA	Note 3	-	Note 3
WIDE VIEW TECHNOLOGY INC.	R&D, production, and sale of electronic components	-	"	\$ 21,514 (USD 663)	-	-	\$ 21,514 (USD 663)	NA	- %	NA	Note 4	-	Notes 4
Suzhou Soarnex Technology Co., Ltd	Software development and software services for computer information systems	22,064 (CNY5,000)	"	-	-	-	-	\$ (3,502)	100 %	\$ (3,502)	\$ 22,357	-	Notes 2 and 5

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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(ii) Upper limit on investment in Mainland China:

(In thousands of New Taiwan Dollars/foreign currencies)

Accumulated Investment in Mainland China as of June 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 31,995 (US\$986)	\$ 35,955 (US\$1,108)	\$ 1,858,129

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 Technolog 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 has completed on August 31, 2023, and was repaid to Perfect Choice Co., Ltd. on August 4, 2023.

Note 6: The currency was translated into New Taiwan Dollars at the exchange rate of USD 1 to NT\$ 32.450 at the end of reporting period.

Note 7: The transaction on the left has already been eliminated in the consolidated financial statements.

(iii) Significant transactions:

Please refer to Information on significant transactions for the information on significant direct or indirect transactions, which were eliminated in the preparation of consolidated financial statements, between the Group and the investee companies in Mainland China for the six months ended June 30, 2024.

(d) Major shareholders:

Unit: Share

Shareholder's Name	Shareholding	Shares	Percentage
D-Link Corporation		137,532,993	41.58 %

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CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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(14) Segment information:

The Group allocates resources, and measures operating performance based on regular reviews made by chief operating decision makers. The Group is a single operating segment primarily engaged in the manufacture, processing, and trading of network system equipment and the components thereof. The disclosure of income (loss), assets, and liabilities is consistent with the preparation of the consolidated financial statements. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2023.