

**CAMEO COMMUNICATIONS, INC.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Nine Months Ended September 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 September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2024 and 2023, as well as the changes in equity and cash flows for the nine months ended September 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 \$46,248 thousand and \$50,257 thousand, constituting 1.11% and 1.15% of the consolidated total assets; and the total liabilities amounting to \$6,659 thousand and \$5,076 thousand, constituting 0.59% and 0.42% of the consolidated total liabilities as of September 30, 2024 and 2023, respectively; as well as the absolute value of the total comprehensive income (loss) amounting to \$(12,133) thousand, \$(9,694) thousand, \$(36,598) thousand and \$(26,487) thousand, constituting 18.31%, 154.71%, 30.47% and 107.96% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 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 September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023, as well as its consolidated cash flows for the nine months ended September 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)  
November 12, 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****September 30, 2024, December 31, 2023, and September 30, 2023****(Expressed in Thousands of New Taiwan Dollars)**

Assets		September 30, 2024		December 31, 2023		September 30, 2023		Liabilities and Equity		September 30, 2024		December 31, 2023		September 30, 2023			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets:								Current liabilities:									
1100	Cash and cash equivalents (note 6(a))	\$	612,149	15	1,331,694	32	1,302,052	30	2170	Trade payables(including related parties) (note7)	\$	334,141	8	197,111	5	217,034	5
1170	Trade receivables, net (notes 6(d) and 6(q))		81,943	2	137,334	3	165,325	4	2200	Other payables(including related parties) (note7)		91,934	2	98,022	2	116,599	2
1180	Trade receivables due from related parties, net (notes 6(d), 6(q) and 7)		231,690	6	110,554	3	285,150	6	2250	Current provisions (note 6(l))		5,069	-	5,905	-	6,427	-
1200	Other receivables, net (note 6(e))		6,313	-	6,598	-	3,611	-	2280	Current lease liabilities (note 6(k))		20,728	-	20,011	-	19,972	-
1210	Other receivables due from related parties, net (notes 6(e) and 7)		2,819	-	7,822	-	1,050	-	2305	Other current liabilities		62,176	2	71,865	2	72,510	2
1220	Current tax assets		2,274	-	1,298	-	1,074	-	2320	Long-term borrowings, current portion (notes 6(j) and 8)		105,570	3	122,151	3	122,151	3
1310	Inventories, net (note 6(f))		578,477	14	606,526	14	647,050	15				619,618	15	515,065	12	554,693	12
1476	Other current financial assets (note 6(a))		727,942	17	305,700	7	305,700	7	2540	Long-term borrowings (notes 6(j) and 8)		453,849	11	528,881	12	559,420	13
1470	Prepayments and other current assets		20,174	-	19,010	-	19,708	-	2570	Deferred tax liabilities		32,055	1	32,055	1	49,086	1
			2,263,781	54	2,526,536	59	2,730,720	62	2580	Non-current lease liabilities (note 6(k))		18,281	-	32,401	1	37,397	1
Non-current assets:												504,185	12	593,337	14	645,903	15
1510	Non-current financial assets at fair value through profit or loss (note 6(b))		233,500	6	127,050	3	-	-		Total liabilities		1,123,803	27	1,108,402	26	1,200,596	27
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))		205,148	5	108,410	3	109,225	3		Equity (note 6(o)):							
1600	Property, plant and equipment (notes 6(g) and 8)		1,317,235	32	1,359,524	32	1,386,397	32	3110	Equity attributable to owners of parent :							
1755	Right-of-use assets (note 6(h))		38,899	1	52,194	1	57,268	1		Ordinary shares		3,307,792	80	3,307,792	78	3,307,792	76
1780	Intangible assets (note 6(i))		21,294	-	10,436	-	11,148	-	3300	Retained earnings		(152,542)	(4)	(24,640)	(1)	1,118	-
1840	Deferred tax assets		32,055	1	32,055	1	49,086	1	3400	Other equity interest		(124,642)	(3)	(132,438)	(3)	(123,188)	(3)
1920	Refundable deposits		5,810	-	5,545	-	5,563	-		Total equity		3,030,608	73	3,150,714	74	3,185,722	73
1975	Net defined benefit asset, non-current		36,441	1	36,441	1	35,732	1									
1990	Other non-current assets, others		248	-	925	-	1,179	-									
			1,890,630	46	1,732,580	41	1,655,598	38									
Total assets		\$	4,154,411	100	4,259,116	100	4,386,318	100	Total liabilities and equity		\$	4,154,411	100	4,259,116	100	4,386,318	100

See accompanying notes to consolidated financial statements.

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

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

		For the three months ended September 30				For the nine months ended September 30			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	<b>Operating revenue (notes 6(q) and 7)</b>	\$ 321,233	100	415,029	100	813,221	100	2,290,401	100
5000	<b>Operating costs (notes 6(f), 6(m), 7 and 12)</b>	303,636	95	405,646	98	828,392	102	2,096,080	92
5900	<b>Gross profit (loss)</b>	17,597	5	9,383	2	(15,171)	(2)	194,321	8
6000	<b>Operating expenses (notes 6(m), 7 and 12):</b>								
6100	Selling expenses	11,921	4	13,579	3	34,972	4	52,719	2
6200	Administrative expenses	20,447	6	26,084	6	58,320	7	80,594	4
6300	Research and development expenses	57,242	17	47,888	12	163,018	20	141,915	6
		89,610	27	87,551	21	256,310	31	275,228	12
6900	<b>Net operating loss</b>	(72,013)	(22)	(78,168)	(19)	(271,481)	(33)	(80,907)	(4)
7000	<b>Non-operating income and expenses (note 7):</b>								
7050	Finance costs	(3,318)	(1)	(3,911)	-	(10,139)	(1)	(12,428)	(1)
7100	Interest income	7,794	3	7,683	2	23,565	3	16,161	1
7190	Other income	2,573	1	46,045	11	13,053	1	55,961	2
7210	Losses on disposals of property, plant and equipment	-	-	-	-	-	-	(504)	-
7230	Foreign exchange gains (losses)	(11,466)	(4)	20,006	4	10,271	1	35,816	2
7235	Net gains (losses) on financial assets (liabilities) at fair value through profit or loss (note 6(b))	1,350	-	(4,092)	(1)	106,450	13	(4,781)	-
7228	Gains on lease modification	374	-	289	-	379	-	289	-
7590	Other loss	-	-	(6)	-	-	-	(2,147)	-
		(2,693)	(1)	66,014	16	143,579	17	88,367	4
7900	<b>Profit (Loss) from continuing operations before tax</b>	(74,706)	(23)	(12,154)	(3)	(127,902)	(16)	7,460	-
7950	Less: Income tax expenses (note 6(n))	-	-	-	-	-	-	18,613	1
8200	<b>Loss</b>	(74,706)	(23)	(12,154)	(3)	(127,902)	(16)	(11,153)	(1)
8300	<b>Other comprehensive (loss) income:</b>								
8310	<b>Items that may not be reclassified to profit or loss</b>								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	5,705	1	(9,510)	(2)	(3,261)	-	28,529	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	5,705	1	(9,510)	(2)	(3,261)	-	28,529	2
8360	<b>Items that may be reclassified to profit or loss</b>								
8361	Exchange differences on translation of foreign financial statements	2,729	1	15,398	3	11,058	1	7,159	-
8367	Unrealized (losses) gains from investments in debt instruments measured at fair value through other comprehensive income	(1)	-	-	-	(1)	-	-	-
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total items that may be reclassified to profit or loss	2,728	1	15,398	3	11,057	1	7,159	-
8300	<b>Other comprehensive (loss) income</b>	8,433	2	5,888	1	7,796	1	35,688	2
8500	<b>Total comprehensive (loss) income</b>	<u>\$ (66,273)</u>	<u>(21)</u>	<u>(6,266)</u>	<u>(2)</u>	<u>(120,106)</u>	<u>(15)</u>	<u>24,535</u>	<u>1</u>
	<b>Basic earnings per share (note 6(p)) (expressed in NTD)</b>								
9750	Basic loss per share	<u>\$ (0.23)</u>		<u>(0.04)</u>		<u>(0.39)</u>		<u>(0.03)</u>	
9850	Diluted loss per share	<u>\$ (0.23)</u>		<u>(0.04)</u>		<u>(0.39)</u>		<u>(0.03)</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 Changes in Equity****For the nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent					Other equity interest			
		Retained earnings				Unrealized losses on financial assets measured at fair value through other comprehensive income	Total other equity	Total equity	
	Ordinary shares	Legal reserve	Special reserve	Accumulated deficits	Retained earnings	Exchange differences on translation of foreign financial statements			
Balance at January 1, 2023	\$ 3,307,792	-	-	85,042	85,042	(40,375)	(118,501)	(158,876)	3,233,958
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	8,504	-	(8,504)	-	-	-	-	-
Special reserve appropriated	-	-	1,224	(1,224)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(72,771)	(72,771)	-	-	-	(72,771)
		8,504	1,224	(82,499)	(72,771)	-	-	-	(72,771)
Loss for the nine months ended September 30, 2023	-	-	-	(11,153)	(11,153)	-	-	-	(11,153)
Other comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	7,159	28,529	35,688	35,688
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	(11,153)	(11,153)	7,159	28,529	35,688	24,535
Balance at September 30, 2023	\$ 3,307,792	8,504	1,224	(8,610)	1,118	(33,216)	(89,972)	(123,188)	3,185,722
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 nine months ended September 30, 2024	-	-	-	(127,902)	(127,902)	-	-	-	(127,902)
Other comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	-	11,058	(3,262)	7,796	7,796
Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	(127,902)	(127,902)	11,058	(3,262)	7,796	(120,106)
Balance at September 30, 2024	\$ 3,307,792	-	-	(152,542)	(152,542)	(30,593)	(94,049)	(124,642)	3,030,608

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 nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the nine months ended September 30</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>(Loss) profit before tax</b>	\$ (127,902)	7,460
<b>Adjustments:</b>		
<b>Adjustments to reconcile (loss) profit:</b>		
Depreciation expense	71,077	96,751
Amortization expense	1,912	2,668
Net gains on financial assets (liabilities) at fair value through profit or loss	(106,450)	-
Interest expense	10,139	12,428
Interest income	(23,565)	(16,161)
Dividend income	-	(1,220)
Losses on disposal of property, plant and equipment	-	504
Others	(379)	(238)
<b>Total adjustments to reconcile (loss) profit</b>	<b>(47,266)</b>	<b>94,732</b>
<b>Changes in operating assets and liabilities:</b>		
Decrease in notes and trade receivables	55,391	356,034
(Increase) decrease in trade receivables due from related parties	(121,136)	268,023
Decrease in other receivables	1,113	39,990
Decrease in other receivable due from related parties	5,003	839
Decrease in inventories	28,049	564,295
(Increase) decrease in prepayments and other current assets	(1,164)	22,524
<b>Total changes in operating assets</b>	<b>(32,744)</b>	<b>1,251,705</b>
Increase (decrease) in trade payables (including related parties)	137,030	(868,371)
Decrease in other payable (including related parties)	(5,990)	(95,605)
(Decrease) increase in other operating liabilities	(10,525)	30,345
<b>Total changes in operating liabilities</b>	<b>120,515</b>	<b>(933,631)</b>
<b>Total changes in operating assets and liabilities, net</b>	<b>87,771</b>	<b>318,074</b>
<b>Total adjustments</b>	<b>40,505</b>	<b>412,806</b>
Cash (outflow) inflow generated from operations	(87,397)	420,266
Interest received	22,737	27,502
Dividends received	-	1,220
Interest paid	(10,237)	(12,538)
Income taxes paid	(976)	(33,622)
<b>Net cash flows (used in) from operating activities</b>	<b>(75,873)</b>	<b>402,828</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(100,000)	-
Acquisition of property, plant and equipment	(13,188)	(20,603)
Proceeds from disposal of property, plant and equipment	111	125
Acquisition of intangible assets	(12,770)	(2,169)
Increase in other financial assets	(422,242)	(284,234)
Decrease in other non-current assets	412	6,202
<b>Net cash flows used in investing activities</b>	<b>(547,677)</b>	<b>(300,679)</b>
<b>Cash flows from (used in) financing activities:</b>		
Repayments of long-term borrowings	(91,613)	(205,764)
Payment of lease liabilities	(15,435)	(14,974)
Cash dividends paid	-	(72,771)
<b>Net cash flows used in financing activities</b>	<b>(107,048)</b>	<b>(293,509)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>11,053</b>	<b>7,152</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(719,545)</b>	<b>(184,208)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,331,694</b>	<b>1,486,260</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 612,149</b>	<b>1,302,052</b>

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 nine months ended September 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 November 12, 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:

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

(Continued)

## CAMEO COMMUNICATIONS, INC. 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
			September 30, 2024	December 31, 2023	September 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

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Remark
			September 30, 2024	December 31, 2023	September 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	- %	- %	- %	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, and its financial statements for the nine months ended September 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.

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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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.

**(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**

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Foreign currencies on hand and petty cash	\$ 597	618	1,717
Check and demand deposits	106,795	614,799	250,175
Time deposits	470,427	716,277	1,050,160
Cash equivalents - repurchase agreement	34,330	-	-
	<b><u>\$ 612,149</u></b>	<b><u>1,331,694</u></b>	<b><u>1,302,052</u></b>

(i) As of September 30, 2024, December 31 and September 30, 2023, the Group's time deposits more than three months recognized as other current financial assets amounted to \$727,942, \$305,700 and \$305,700, 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**

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Private placement shares of domestic listed company	<b><u>\$ 233,500</u></b>	<b><u>127,050</u></b>	<b><u>-</u></b>

(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 nine months ended September 30, 2024, the Group's gains on financial assets at fair value through profit and loss amounted to \$1,350 and \$106,450, respectively.

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

(iii) Please refer to note 6(s) for exposures to credit risk and market risk.

(iv) As of September 30, 2024 and December 31, 2023, the Group did not provide any aforementioned financial assets as collateral for its loans.

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Debt investments at fair value through other comprehensive income:			
Taipei Fubon Commercial Co., Ltd. Bank 3rd issue of Senior Unsecured Financial Debentures in 2024 (Domestic bank green bonds - P13 Taipei Fubon Bank 3)	\$ 99,999	-	-
Equity investments at fair value through other comprehensive income:			
Common shares of domestic listed company	<u>105,149</u>	<u>108,410</u>	<u>109,225</u>
Total	<u><u>\$ 205,148</u></u>	<u><u>108,410</u></u>	<u><u>109,225</u></u>

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

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

(ii) Equity investments at fair value through other comprehensive income:

- 1) 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 longterm strategic purposes.
- 2) There were no disposal of strategic investments and transfer of any cumulative gain or loss within equity relating to these investments for the nine months ended September 30, 2024 and 2023.

(iii) For the disclosure of credit risk and market risk, please refer to note 6(s).

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

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

(d) Trade receivables (including related parties)

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Trade receivables — measured at amortized cost	\$ 82,183	137,359	165,430
Trade receivables — measured at fair value through other comprehensive income	<u>231,450</u>	<u>110,529</u>	<u>285,045</u>
	313,633	247,888	450,475
Less: loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	<b><u>\$ 313,633</u></b>	<b><u>247,888</u></b>	<b><u>450,475</u></b>
Trade receivables, net	<b><u>\$ 81,943</u></b>	<b><u>137,334</u></b>	<b><u>165,325</u></b>
Trade receivables due from related parties, net	<b><u>\$ 231,690</u></b>	<b><u>110,554</u></b>	<b><u>285,150</u></b>

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:

	<b>September 30, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 304,928	0%	-
1~30 days past due	<u>8,705</u>	0%	<u>-</u>
	<b><u>\$ 313,633</u></b>		<b><u>-</u></b>

  

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

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

	<b>September 30, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 449,154	0%	-
1~30 days past due	1,321	0%	-
	<b><u>\$ 450,475</u></b>		<b><u>-</u></b>

For the nine months ended September 30, 2024 and 2023, the movement in the allowance for notes and trade receivable were remained unchanged is not responsible for guaranteeing.

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

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

The aforementioned financial assets were not pledged as collateral.

(e) Other receivables (including related parties)

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Other receivables	\$ 22,685	27,973	18,214
Less: loss allowance	(13,553)	(13,553)	(13,553)
	<b><u>\$ 9,132</u></b>	<b><u>14,420</u></b>	<b><u>4,661</u></b>
Other receivables	<b><u>\$ 6,313</u></b>	<b><u>6,598</u></b>	<b><u>3,611</u></b>
Other receivables due from related parties, net	<b><u>\$ 2,819</u></b>	<b><u>7,822</u></b>	<b><u>1,050</u></b>

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

(f) Inventories

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Raw materials	\$ 479,108	479,185	488,251
Work in progress and semi-finished goods	85,634	78,829	80,090
Finished goods	13,735	48,512	78,709
	<b><u>\$ 578,477</u></b>	<b><u>606,526</u></b>	<b><u>647,050</u></b>

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

(i) Operating cost were as follows:

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Sale of inventories	\$ 254,459	358,129	667,263	1,942,931
Write-down of inventories				
(Reversal of write-downs)	10,707	(32,854)	28,345	(25,552)
Loss on disposal of inventories	-	13,484	-	26,329
Gain (loss) on physical inventories	-	5	1	1
Unallocated production overheads	38,470	66,882	132,783	152,371
	<b>\$ 303,636</b>	<b>405,646</b>	<b>828,392</b>	<b>2,096,080</b>

(ii) For the nine months ended September 30, 2023, the Group reversed its allowance for losses due to the write-off of obsolete inventories and a decrease in the net realizable value of inventories below cost.

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

(g) Property, plant and equipment

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

	<b>Land</b>	<b>Buildings and construction</b>	<b>Machinery and equipment</b>	<b>Molding equipment</b>	<b>Office and other facilities</b>	<b>Lease improvements</b>	<b>Total</b>
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	-	-	13,188	-	-	-	13,188
Disposal and derecognition	-	(76)	(48,849)	(111)	-	-	(49,036)
Effects of movements in exchange rates	-	-	267	21	11	-	299
Balance at September 30, 2024	<b>\$ 346,639</b>	<b>1,127,552</b>	<b>505,714</b>	<b>5,550</b>	<b>64,970</b>	<b>23,921</b>	<b>2,074,346</b>
Balance at January 1, 2023	\$ 346,639	1,131,005	526,031	7,532	64,534	23,921	2,099,662
Additions	-	-	19,038	206	473	-	19,717
Disposal and derecognition	-	(3,377)	(3,772)	(426)	-	-	(7,575)
Transferred into (out)	-	-	(51)	-	-	-	(51)
Effect of movements in exchange rates	-	-	189	34	6	-	229
Balance at September 30, 2023	<b>\$ 346,639</b>	<b>1,127,628</b>	<b>541,435</b>	<b>7,346</b>	<b>65,013</b>	<b>23,921</b>	<b>2,111,982</b>

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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	-	26,587	25,504	357	2,923	-	55,371
Disposal and derecognition	-	(76)	(48,849)	-	-	-	(48,925)
Effects of movements in							
exchange rates	-	-	267	17	10	-	294
Balance at September 30, 2024	<u>\$ -</u>	<u>212,389</u>	<u>453,087</u>	<u>4,430</u>	<u>63,284</u>	<u>23,921</u>	<u>757,111</u>
Balance at January 1, 2023	\$ -	151,278	416,598	4,524	54,472	23,921	650,793
Depreciation	-	28,529	47,055	1,455	4,477	-	81,516
Disposal and derecognition	-	(3,377)	(3,143)	(426)	-	-	(6,946)
Effects of movements in							
exchange rates	-	-	195	20	7	-	222
Balance at September 30, 2023	<u>\$ -</u>	<u>176,430</u>	<u>460,705</u>	<u>5,573</u>	<u>58,956</u>	<u>23,921</u>	<u>725,585</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 September 30, 2024	<u>\$ 346,639</u>	<u>915,163</u>	<u>52,627</u>	<u>1,120</u>	<u>1,686</u>	<u>-</u>	<u>1,317,235</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 September 30, 2023	<u>\$ 346,639</u>	<u>951,198</u>	<u>80,730</u>	<u>1,773</u>	<u>6,057</u>	<u>-</u>	<u>1,386,397</u>

(i) As of September 30, 2024, December 31 and September 30, 2023, the property, plant, and equipment of the Group had been pledged as collateral for long-term borrowings and credit lines ; 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 September 30, 2024	<u>\$ 38,790</u>	<u>109</u>	<u>38,899</u>
Balance at January 1, 2023	<u>\$ 71,098</u>	<u>873</u>	<u>71,971</u>
Balance at September 30, 2023	<u>\$ 56,723</u>	<u>545</u>	<u>57,268</u>

There were no significant additions or recognition and reversal of impairment losses of buildings and transportation equipments that are held as right-of-use assets for the nine months ended September 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

	<b>Patent</b>	<b>Computer software and others</b>	<b>Total</b>
Carrying amount:			
Balance at January 1, 2024	\$ <u>533</u>	<u>9,903</u>	<u>10,436</u>
Balance at September 30, 2024	\$ <u>509</u>	<u>20,785</u>	<u>21,294</u>
Balance at January 1, 2023	\$ <u>754</u>	<u>10,893</u>	<u>11,647</u>
Balance at September 30, 2023	\$ <u>637</u>	<u>10,511</u>	<u>11,148</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2024 and 2023. Information on amortization for the periods 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:

<b>September 30, 2024</b>				
	<b>Currency</b>	<b>Range of interest rates</b>	<b>Maturity year</b>	<b>Amount</b>
Secured loans	NTD	1.475%~2.235%	June 2025~May 2033	\$ 559,419
Less: current portion				(105,570)
Total				<u>\$ 453,849</u>
Unused credit lines				<u>\$ 97,000</u>
<b>December 31, 2023</b>				
	<b>Currency</b>	<b>Range of interest rates</b>	<b>Maturity year</b>	<b>Amount</b>
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>
<b>September 30, 2023</b>				
	<b>Currency</b>	<b>Range of interest rates</b>	<b>Maturity year</b>	<b>Amount</b>
Secured loans	NTD	1.35%~2.11%	June 2025~February 2035	\$ 681,571
Less: current portion				(122,151)
Total				<u>\$ 559,420</u>
Unused credit lines				<u>\$ 97,000</u>

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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- (i) For the nine months ended September 30, 2024, the repayments amounted to \$91,613.
  - (ii) For the nine months ended September 30, 2023, the repayments( including due repayments and partial early repayments) amounted to \$205,764.
  - (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:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Current	\$ <u>20,728</u>	<u>20,011</u>	<u>19,972</u>
Non-current	\$ <u>18,281</u>	<u>32,401</u>	<u>37,397</u>

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

The amounts recognized in profit or loss were as follow:

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Interest expense on lease liabilities	\$ <u>224</u>	<u>252</u>	<u>712</u>	<u>619</u>
Expenses relating to short-term leases	\$ <u>216</u>	<u>274</u>	<u>454</u>	<u>652</u>
Cost of low-value leased assets	\$ <u>93</u>	<u>101</u>	<u>251</u>	<u>302</u>

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

	<b>For the nine months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	\$ <u>16,852</u>	<u>16,547</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.

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

(ii) Other leases

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

The Group also leased photocopying equipment with leased periods of 3 to 4 years, and dormitories and office sapce with leased periods of 4 to 12 months. 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 nine months ended September 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 nine months ended September 30, 2024 and 2023, the expenses recognized in profit or loss for the Group both amounted to \$0.

(ii) Defined contribution plans

The Group's expenses for the pension plan under the defined contribution pension plan amounted to \$3,425, \$3,983, \$10,267 and \$12,465 for the three months and nine months ended September 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 \$1,159, \$996, \$3,290 and \$3,001 for the three months and nine months ended September 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 September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Current tax expense				
Current period	\$ -	-	-	29,355
Deferred tax expense				
Origination and reversal of temporary differences	-	-	-	(10,742)
Income tax expense	<u>\$ -</u>	<u>-</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 nine months ended September 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.

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

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:

	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 website.

(p) Earnings (loss) per share

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

	For the three months ended September 30,		For the nine months ended September 30,	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Basic earnings (loss) per share (in New Taiwan Dollars)</b>				
Net loss attributable to ordinary shareholders of the Company	\$ <u>(74,706)</u>	<u>(12,154)</u>	<u>(127,902)</u>	<u>(11,153)</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 per share (in New Taiwan Dollars)	\$ <u>(0.23)</u>	<u>(0.04)</u>	<u>(0.39)</u>	<u>(0.03)</u>
<b>Diluted earnings (loss) per share (in New Taiwan Dollars)</b>				
Net loss attributable to ordinary shareholders of the Company	\$ <u>(74,706)</u>	<u>(12,154)</u>	<u>(127,902)</u>	<u>(11,153)</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>
Diluted loss per share (in New Taiwan Dollars)	\$ <u>(0.23)</u>	<u>(0.04)</u>	<u>(0.39)</u>	<u>(0.03)</u>

For the three months and nine months ended September 30, 2024 and 2023, the Group was not impacted by the effects of dilutive potential ordinary shares.

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Primary geographical markets:				
Asia	\$ 159,675	257,753	480,619	1,238,959
Europe	59,145	66,146	96,322	552,978
United States	90,587	64,943	184,164	367,239
Other	11,826	26,187	52,116	131,225
	<u>\$ 321,233</u>	<u>415,029</u>	<u>813,221</u>	<u>2,290,401</u>
Major products/ Service lines:				
Wired communication products	\$ 266,324	349,541	679,566	1,923,539
Wireless communication products	35,309	60,689	105,547	329,073
Repairs and maintenance revenues and others	19,600	4,799	28,108	37,789
	<u>\$ 321,233</u>	<u>415,029</u>	<u>813,221</u>	<u>2,290,401</u>

(ii) Contract balances

	September 30, 2024	December 31, 2023	September 30, 2023
Notes and trade receivables	\$ 313,633	247,888	450,475
Less: loss allowance	-	-	-
	<u>\$ 313,633</u>	<u>247,888</u>	<u>450,475</u>
Contract liabilities (recorded as other current liabilities)	<u>\$ 19,813</u>	<u>18,337</u>	<u>18,019</u>

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

The amounts of revenue recognized for the nine months ended September 30, 2024 and 2023 that were included in the contract liability balance at the beginning of the periods were \$50 and \$1,248, respectively.

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

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

(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 three months and nine months ended September 30, 2024 and 2023, and thus, the Company was not required to accrue any remuneration to its employees and directors.

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 September 30, 2024, December 31 and September 30, 2023, the 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.

2) Receivables and debt securities

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

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

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

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

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

For the nine months ended September 30, 2024, the movement in the allowance for impairment loss on debt investments at fair value through other comprehensive income was unchanged.

(ii) Liquidity risk

The followings are the contractual maturities of financial liabilities, 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>
<b>September 30, 2024</b>					
Non-derivative financial liabilities					
Trade payables (including related parties)	\$ 334,141	(334,141)	(334,141)	-	-
Other payables (including related parties)	91,934	(91,934)	(91,934)	-	-
Long-term borrowings (including current portion)	559,419	(613,054)	(116,661)	(57,652)	(438,741)
Lease liabilities (including current and non-current)	<u>39,009</u>	<u>(39,825)</u>	<u>(21,352)</u>	<u>(18,473)</u>	<u>-</u>
	<b><u>\$ 1,024,503</u></b>	<b><u>(1,078,954)</u></b>	<b><u>(564,088)</u></b>	<b><u>(76,125)</u></b>	<b><u>(438,741)</u></b>
<b>December 31, 2023</b>					
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>
	<b><u>\$ 998,577</u></b>	<b><u>(1,059,771)</u></b>	<b><u>(450,100)</u></b>	<b><u>(116,844)</u></b>	<b><u>(492,827)</u></b>

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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>
<b>September 30, 2023</b>					
Non-derivative financial liabilities					
Trade payable (including related parties)	\$ 217,034	(217,034)	(217,034)	-	-
Other payables (including related parties)	116,599	(116,599)	(116,599)	-	-
Long-term borrowings (including current portion)	681,571	(744,652)	(134,608)	(116,030)	(494,014)
Lease liabilities (including current and non-current)	<u>57,369</u>	<u>(59,058)</u>	<u>(20,921)</u>	<u>(20,006)</u>	<u>(18,131)</u>
	<u><b>\$ 1,072,573</b></u>	<u><b>(1,137,343)</b></u>	<u><b>(489,162)</b></u>	<u><b>(136,036)</b></u>	<u><b>(512,145)</b></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>September 30, 2024</u>				<u>December 31, 2023</u>			<u>September 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	\$ 12,888	USD/NTD =31.651	407,918	12,880	USD/NTD =30.735	395,867	16,131	USD/NTD =32.268	520,515
USD	7,261	USD/CNY =7.0171	229,818	9,008	USD/CNY =7.0974	276,832	16,957	USD/CNY =7.3005	547,172
CNY	11,114	CNY/NTD =4.511	50,130	20,136	CNY/NTD =4.330	87,189	20,735	CNY/NTD =4.420	91,649
Financial liabilities									
Monetary items									
USD	8,499	USD/NTD =31.651	269,002	8,149	USD/NTD =30.735	250,460	9,877	USD/NTD =32.268	318,711
USD	6	USD/CNY =7.0171	190	132	USD/CNY =7.0974	4,057	134	USD/CNY =7.3005	4,324
CNY	4,826	CNY/NTD =4.511	21,768	2,523	CNY/NTD =4.330	10,925	3,502	CNY/NTD =4.420	15,479

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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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 September 30, 2024 and 2023, with all other variables remained constant, would have increased or decreased the net profit (loss) before tax for the years then ended as follows:

	<b>For the nine months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Increase) decrease net loss before tax</b>	<b>Increase (decrease) net profit before tax</b>
USD (against the NTD)		
Appreciation 5%	\$ 6,946	10,090
Depreciation 5%	(6,946)	(10,090)
USD (against the CNY)		
Appreciation 5%	11,481	27,142
Depreciation 5%	(11,481)	(27,142)
CNY (against the NTD)		
Appreciation 5%	1,418	3,809
Depreciation 5%	(1,418)	(3,809)

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 nine months ended September 30, 2024 and 2023, the foreign exchange (loss) gain, including both realized and unrealized, amounted to \$(11,466), \$20,006, \$10,271, \$35,816, respectively.

2) Interest rate analysis

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

	<b>Carrying amount</b>		
	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Variable rate instruments:			
Financial assets	\$ 105,063	613,068	248,445
Financial liabilities	(559,419)	(651,032)	(681,571)
	<u>\$ (454,356)</u>	<u>(37,964)</u>	<u>(433,126)</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 \$852 for the nine months ended September 30, 2024, and the Group's net profit before tax would have decreased or increased by \$812 for the nine months ended September 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 nine months ended September 30,			
	2024		2023	
	Other comprehensive (loss) income, before tax	Profit or loss before tax	Other comprehensive (loss) income, before tax	Profit or loss before tax
5% increase	\$ 5,257	11,675	5,461	-
5% decrease	\$ (5,257)	(11,675)	(5,461)	-

(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:

	Carrying amount	September 30, 2024			
		Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Private stocks	\$ 233,500	-	-	233,500	233,500

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

	September 30, 2024				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through other comprehensive income</b>					
Domestic listed stocks	105,149	105,149	-	-	105,149
Domestic bank green bonds - P13 Taipei Fubon Bank 3	99,999	-	99,999	-	99,999
Trade receivables	<u>231,450</u>	-	-	-	-
Subtotal	<u>436,598</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	612,149	-	-	-	-
Trade receivables (including related parties)	82,183	-	-	-	-
Other receivables (including related parties)	9,132	-	-	-	-
Other financial assets-current	727,942	-	-	-	-
Guarantee deposits paid	<u>5,810</u>	-	-	-	-
Subtotal	<u>1,437,216</u>				
Total	<u><u>\$ 2,107,314</u></u>				
<b>Financial liabilities at measured amortized cost:</b>					
Secured bank loans (including current portion)	\$ 559,419	-	-	-	-
Trade payables (including related parties)	334,141	-	-	-	-
Other payables (including related parties)	91,934	-	-	-	-
Lease liabilities (including current and non-current)	<u>39,009</u>	-	-	-	-
Total	<u><u>\$ 1,024,503</u></u>				

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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	December 31, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Private stocks	\$ 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-current	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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		September 30, 2023			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	\$ 109,225	109,225	-	-	109,225
Trade receivables	<u>285,045</u>	-	-	-	-
Subtotal	<u>394,270</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,302,052	-	-	-	-
Trade receivables (including related parties)	165,430	-	-	-	-
Other receivables (including related parties)	4,661	-	-	-	-
Other financial assets-current	305,700	-	-	-	-
Guarantee deposits paid	<u>5,563</u>	-	-	-	-
Subtotal	<u>1,783,406</u>				
Total	<u><u>\$ 2,177,676</u></u>				
Financial liabilities measured at amortized cost:					
Secured bank loans (including current portion)	\$ 681,571	-	-	-	-
Trade payables (including related parties)	217,034	-	-	-	-
Other payables (including related parties)	116,599	-	-	-	-
Lease liabilities (including current and non-current)	<u>57,369</u>	-	-	-	-
Total	<u><u>\$ 1,072,573</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 stocks of listed companies and domestic bank bonds, the fair value is determined by the market quotations and valuation techniques, and is also determined by examining liquidity discounts or other valuation techniques, including models, which is calculated based on available market data (such as yield curves published by the Tawain Exchange) at the reporting date.

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 nine months ended September 30, 2024 and 2023.

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

5) Reconciliation of level 3 fair values

	<b>Financial assets at fair value through profit or loss-non current</b>
Balance on January 1, 2024	\$ 127,050
Total gains or losses recognized:	
In profit or loss	106,450
Balance on September 30, 2024	<b>\$ 233,500</b>
Balance on September 30, 2023 (Same as January 1, 2023)	<b>\$ -</b>

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:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets at fair value through profit or loss- Private stock	<ul style="list-style-type: none"> <li>• Market Approach and Finnerty model are adopted at September 30, 2024</li> <li>• Black-Scholes model and Finnerty model are adopted at December 31, 2023</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of market liquidity discount (20.85% and 24.82%, respectively, as of September 30, 2024 and December 31, 2023)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the lack of market liquidity discount, the lower the fair value</li> </ul>

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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- 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:

	<u>Inputs</u>	<u>Upward or downward movement</u>	<u>Change in fair value through the current period's profit or loss</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
<b>September 30, 2024</b>				
Non current financial assets at fair value through profit or loss	Lack of market liquidity discount	5%	\$ <u>14,750</u>	<u>(14,750)</u>
<b>December 31, 2023</b>				
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>

- (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 nine months ended September 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:

	<u>January 1, 2024</u>	<u>Cash Flow</u>	<u>Non-cash changes</u>		<u>September 30, 2024</u>
			<u>Addition</u>	<u>Lease modifications</u>	
Long-term borrowings (including current portion)	\$ 651,032	(91,613)	-	-	559,419
Lease liabilities	<u>52,412</u>	<u>(15,435)</u>	<u>2,697</u>	<u>(665)</u>	<u>39,009</u>
Total amount of liabilities arising from financing activities	<u>\$ 703,444</u>	<u>(107,048)</u>	<u>2,697</u>	<u>(665)</u>	<u>598,428</u>

(Continued)

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

	<b>January 1, 2023</b>	<b>Cash Flow</b>	<b>Non-cash changes</b>		<b>September 30, 2023</b>
			<b>Addition</b>	<b>Lease modifications</b>	
Long-term borrowings (including current portion)	\$ 887,335	(205,764)	-	-	681,571
Lease liabilities	<u>72,100</u>	<u>(14,974)</u>	<u>1,204</u>	<u>(961)</u>	<u>57,369</u>
Total amount of liabilities arising from financing activities	<u><u>\$ 959,435</u></u>	<u><u>(220,738)</u></u>	<u><u>1,204</u></u>	<u><u>(961)</u></u>	<u><u>738,940</u></u>

**(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:

<b>Name of related party</b>	<b>Relationship with the Company</b>
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. (D-Link (Shanghai))	Subsidiary of D-Link Corporation (Note1)
AMIGO TECHNOLOGY INC.	Other related party
SAPIDO TECHNOLOGY INC.	Other related party
AMIT WIRELESS INC.	Other related party
TSG Hawks Baseball Co. ,Ltd.	Other related party
TSG TRANSPORT CORP.	Other related party
TSG Burger King Corporation	Other related party
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.

(Continued)

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

(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:

	Sales				Trade receivables due from related parties		
	For the three months ended September 30,		For the nine months ended September 30,		September 30,	December 31,	September 30,
	2024	2023	2024	2023	2024	2023	2023
D-Link Corporation	\$ 198,326	183,586	439,272	1,078,045	215,266	92,106	225,571
D-Link (Shanghai)	16,087	58,250	44,107	264,654	16,184	18,423	59,474
Other related parties	21	94	1,865	3,055	240	25	105
	<u>\$ 214,434</u>	<u>241,930</u>	<u>485,244</u>	<u>1,345,754</u>	<u>231,690</u>	<u>110,554</u>	<u>285,150</u>

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 September 30,		For the nine months ended September 30,		September 30,	December 31,	September 30,
	2024	2023	2024	2023	2024	2023	2023
Parent company	\$ -	-	-	178	-	-	-
Other related parties	421	9,825	1,716	16,717	-	5,788	10,594
	<u>\$ 421</u>	<u>9,825</u>	<u>1,716</u>	<u>16,895</u>	<u>-</u>	<u>5,788</u>	<u>10,594</u>

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

(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 September 30,		For the nine months ended September 30,		September 30,	December 31,	September 30,
	2024	2023	2024	2023	2024	2023	2023
Parent company	\$ 114	261	533	3,346	-	-	31
Other related parties	1,625	2,182	5,415	6,537	568	-	703
	<u>\$ 1,739</u>	<u>2,443</u>	<u>5,948</u>	<u>9,883</u>	<u>568</u>	<u>-</u>	<u>734</u>

(Continued)

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

(iv) Received from related parties

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

	Miscellaneous income				Other receivables-related parties		
	For the three months ended September 30,		For the nine months ended September 30,		September 30,	December 31,	September 30,
	2024	2023	2024	2023	2024	2023	2023
Parent company	\$ 950	977	2,685	1,861	2,819	7,822	1,050
Other related parties	-	-	528	502	-	-	-
	<u>\$ 950</u>	<u>977</u>	<u>3,213</u>	<u>2,363</u>	<u>2,819</u>	<u>7,822</u>	<u>1,050</u>

(v) Lease

Since November 1, 2021, the Company has leased part of the Tainan factory to its parent company, and the rent has been collected on monthly basis, and the rental income (recorded as other income) for the nine months ended September 30, 2024 and 2023 were both amounted to \$1,778. As of September 30, 2024 and 2023, the relevant amounts have been recovered.

(d) Key management personnel transactions

Key management personnel's compensation comprised:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Short-term employee benefits	\$ 4,119	3,959	12,729	8,358
Post-employment benefits	81	27	243	81
	<u>\$ 4,200</u>	<u>3,986</u>	<u>12,972</u>	<u>8,439</u>

(8) Pledged assets:

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

Asset name	Pledged to secure	September 30, 2024	December 31, 2023	September 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	905,942	929,171	936,914
		<u>\$ 1,252,581</u>	<u>1,275,810</u>	<u>1,283,553</u>

(9) Commitments and contingencies:

As of September 30, 2024, the purchase commitments not performed amounted to \$253,616, which are non-cancelable purchase contracts.

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

**(10) Losses due to major disasters: None.**

**(11) Subsequent events:None.**

**(12) Other:**

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

	For the three months ended September 30						
By item	By funtion	2024			2023		
		Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits							
Salary		32,704	50,929	83,633	42,377	51,722	94,099
Labor and health insurance		3,725	4,206	7,931	5,246	4,133	9,379
Pension		1,521	3,063	4,584	2,058	2,921	4,979
Others		3,577	2,583	6,160	4,513	2,323	6,836
Depreciation		14,677	7,906	22,583	24,247	8,049	32,296
Amortization		-	608	608	17	794	811

		For the nine months ended September 30					
		2024			2023		
		Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
By item	By function						
Employee benefits							
Salary		98,321	152,742	251,063	149,427	151,507	300,934
Labor and health insurance		11,310	12,580	23,890	16,723	13,065	29,788
Pension		4,641	8,916	13,557	6,496	8,970	15,466
Others		10,577	7,576	18,153	16,025	8,216	24,241
Depreciation		47,106	23,971	71,077	72,717	24,034	96,751
Amortization		6	1,906	1,912	50	2,618	2,668

- (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 nine months ended September 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	93,903	-	-	-	2	-	Working capital	-		-	111,846	111,846

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 September 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 September 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 September 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 September 30, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand shares

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stock-Harvatek Corporation	None	Non-current financial assets at fair value through profit or loss	6,000	-	14.46	-	Note 1
The Company	Stock-Covia Inc.	None	Non-current financial assets at fair value through profit or loss	0.4	-	5.40	-	Note 2
The Company	Private Stock-KING HOUSE CO., LTD.	Other related party	Non-current financial assets at fair value through profit or loss	5,000	233,500	3.16	233,500	Note 3
Qianjin Investment Co., Ltd.	D-Link Corporation	Parent Company	Non-current financial assets at fair value through other comprehensive income	5,434	105,149	0.90	105,149	
The Company	Domestic bank green bonds-P13 Taipei Fubon Bank 3	None	Non-current financial assets at fair value through other comprehensive income	-	99,999	-	99,999	Note 4

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.

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

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

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$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	(439,272)	(54) %	90 days after delivery	Note 1	Note 1	Trade receivables 215,266	69%	

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:

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 215,266	3.81	-		52,119	-	

Note 1: Information as of October 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		
0	Huge Castle Ltd.	Suzhou Soarnex Technology Co., Ltd	3	Research and development expenses	36,010 (CNY8,165)	Not significantly different from the payment to ordinary vendors		4%
1	Suzhou Soarnex Technology Co., Ltd	Huge Castle Ltd.	3	Revenue	36,010 (CNY8,165)	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

### Notes to the Consolidated Financial Statements

(b) Information on investees:

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

Unit: thousand shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 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 %	279,615	(30,336)	(30,336)	Note 1
The Company	Qianjin Investment Co., Ltd.	Taiwan	Investment holding	270,000	270,000	27,000	100 %	150,092	3,097	3,097	Note 1
Less: Unrealized profits (losses) of affiliates								(52)			
								<u>429,655</u>		<u>(27,239)</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 %	43,884	(468)	(468)	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 September 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.	10,223 (USD 323)	-	-	10,223 (USD 323)	NA	- %	NA	Note 3	-	Note 3
WIDE VIEW TECHNOLOGY INC.	R&D, production, and sale of electronic components	-	"	20,984 (USD 663)	-	-	20,984 (USD 663)	NA	- %	NA	Note 4	-	Notes 4
Suzhou Soarnex Technology Co., Ltd	Software development and software services for computer information systems	22,064 (CNY 5,000)	"	-	-	-	-	(802)	100 %	(802)	25,328	-	Notes 2 and 5

(Continued)

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

(ii) Upper limit on investment in Mainland China:

(In thousands of New Taiwan Dollars/foreign currencies)

Accumulated Investment in Mainland China as of September 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
31,207 (US\$986)	35,069 (US\$1,108)	1,818,364

Note 1: The investment limit in Mainland China was calculated based on the official document No.006130 announced by the MOEAIC on November 16, 2001.

Note 2: The investment income (loss) was recognized based on the financial statements prepared by the subsidiaries and not audited by the CPA.

Note 3: Cameo Technology Development (Shenzhen) Co., Ltd. completed its liquidation and in March 2012, and the payment for shares of US\$177 thousand, was refunded to Huge Castle Ltd on November 28, 2013 with the approval of the Investment Commission, Ministry of Economic Affairs.

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

Note 5: It was an investment by NETTECH TECHNOLOGY (SUZHOU) CO., LTD based in Mainland China through self-funding. In August 2019, NETTECH TECHNOLOGY transferred 100% of the shareholdings to Luis Jo'se Investment. NETTECH TECHNOLOGY (SUZHOU) CO., LTD has been liquidated and cancelled by a resolution of the board of directors in November 2022. The liquidation procedure had completed on August 31, 2023.

Note 6: The currency was translated into New Taiwan Dollars at the exchange rate of USD 1 to NTD 31.651 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 nine months ended September 30, 2024.

(d) Major shareholders:

Unit: Share

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

(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.