

CAMEO COMMUNICATIONS, INC.

2024 Annual Report

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CAMEO COMMUNICATIONS, INC. website : <http://www.cameo.com.tw>

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Position : General Manager

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Name : Jessica Su

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Company HQ address : 3F., No. 189, Xinhua 3rd Rd., Neihu Dist., Taipei City 11494, Taiwan

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Branch : None.

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

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(VI) Stock transfer agent

Name : Capital Securities Corporation

Address : B2, No.97, Sec.2, Dunhua S. Rd., Da'an Dist., Taipei City 106420, Taiwan (R.O.C.)

Website : <https://agency.capital.com.tw>

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

Name : CPA Serena Hsin 、 CPA Yvette Chien

CPA Firm Name : KPMG

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

Website : <http://www.kpmg.com.tw>

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

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

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Letters to Shareholders

Dear Shareholders,

Thanks for your continuous concerns and supports in the past years. Here we reported the financial results for the full year 2024 as well as the brief operating plan for the year 2025.

I. Operational Report for the Year 2024

(1) Implementation Result of the 2024 Operational Plan

The consolidated revenue of our company for the fiscal year 2024 was NTD 1.18 billion, which was a decrease of approximately 53% compared to the consolidated revenue of NTD 2.54 billion in 2023. The main reason for the decline in revenue was that customers have been stocking up actively to prevent material shortages, resulting in high inventory levels. In addition, the end consumption has been suppressed due to the gradual effects of the tight monetary policy implemented by the major countries which raised the interest rates significantly to control high inflation. At the same time, the world economic outlook is also doubtful due to the continuous international confrontation and regional wars; this has caused customers to plan conservatively for future demand resulted in a reduction in the number of orders and even delays in shipments; the impact resulted in a decrease in consolidated revenue for the year compared with 2023, and the overall results were presented at the end of 2024.

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

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

(2) Budget Execution

The company did not disclose the financial forecast for 2024.

(3) Financial Profitability Analysis

Factors	2024(*)	2023(*)
Liabilities to assets ratio (%)	26.56	26.02
Long-term capital to fixed assets ratio (%)	267.92	275.39
Current ratio (%)	344.82	490.53
Quick Ratio (%)	254.88	369.08
Return on assets (%)	(3.67)	(0.49)
Return on equity (%)	(5.32)	(1.16)
Net profit rate (%)	(13.89)	(1.46)
EPS (after fully diluted) (NT\$)	(0.50)	(0.11)

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

(4) Overview of Research and Development

The new products under development planned are listed as following :

- 25G/100G Micro Data Center Switch
- 25G/100G Enterprise Core Switch
- L2/L3 Stackable Management Aggregation Switch
- 2.5G/10G RJ45 POE++ (802.3bt) Switch/10G Fiber Switch
- SDN Switch
- Cloud Management System
 - Cloud Management Software
 - Cloud Enterprise Switch
 - Cloud SDN Gateway
 - Cloud Wireless Access Point
- AI Controller Based Management System
 - AI Network Management Controller
 - AI Controller Based Enterprise Switch
 - AI Controller Based VPN Gateway
 - AI Controller Based Wireless Access Point
- 5G O-RAN Private Network System and Application

II. Overview of 2025 Business Plan

(1) Operating Policies

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

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

1. Estimated sales of the company in 2025
For the wired products, we plan to finish developing 2.5G/ 5G/ 10G RJ45 PoE++ (802.3bt) network switches, and also put our effort on developing the stackable L2/L3 software-hardware integrated high-end switches to satisfy the customer demand for the better gross profit.
For the wireless products, we will keep investing in high unit price, high value-added enterprise access point, cloud commercial wireless network access point, 5G/LTE wireless routers, in order to enhance the product competition for better profitability.
2. Basis and important production and marketing policies
We keep improving the production efficiency and introducing the automation to reduce production costs. We will also enhance the cooperation relationship continuously with our suppliers in order to accelerate the process to get the raw material and lower down the cost.
We will establish deeper relationship with our customers and enhance the technology capability to provide the competitive products to our customers.

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

(1) Future development strategies

The main development strategies are as follows:

1. Keep improving the manufacturing technology, controlling the quality and the cost strictly to raise the production efficiency and the capability to gain.
2. Enhance the cooperation partnership between/ among the main customers and key component suppliers.
3. Keep investing in the advanced technologies to improve the H/W & S/W

development capabilities for the high-end products.

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

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

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

Wish all shareholders good health and a safe family!

Chairman : Jeff Wu

GM : Allen Cheng

Accounting Supervisor : Jessica Su

Chapter 2 Corporate Governance Report

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

(I) Director Information :

March 29, 2025

Title	Nationality or place of registration	Name	Gender/ Age	Date elected	Term (Years)	Date first elected	Shares held when elected		Number of shares currently held		Shares held by spouse or minor children		Number/ percentage of shares held in the name of other persons		Major experience/ academic background	Positions currently assumed in this Corporation or other companies	Any managerial officer, director, or supe rvisor who is a spouse or relative within the second degree of kinship			Remark
							Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage			Title	Name	Relation	
Chairman	Republic of China	Taiwan Network Group United Co., Ltd		2023.5.31	3	2023.5.31	2,000	0.00	2,000	0.00	-	-	-	-	-	-	-	-	-	-
Taiwan Network Group United Co., Ltd Representative Director	Republic of China	Jeff Wu	Male 52	2023.5.31	3	2023.5.31	-	-	400,000	0.12	-	-	-	-	University of Mississippi PhD in Finance Assistant professor National Chiayi University	-	-	-	-	-
Taiwan Network Group United Co., Ltd Representative Director	Republic of China	Joanne Chen	Female 46	2023.9.11	3	2023.5.31	-	-	-	-	-	-	-	-	Master of Arts in International Affairs and Management, University of California, San Diego (USA) Co-Founder & CFO of New Taiding Investment Co., Ltd. Accounting Supervisor of Toyota Financial Services Corporation (USA) Senior Advisor of Ernst & Young LLP (USA) Audit Senior Associate of KPMG LLP(USA)	CFO ,D-Link Corporation Director,D-Link International Pte. Ltd. Director,D-Link Japan K.K. Director,D-Link Holding Co. Ltd. Director,D-Link Investment Pte. Ltd. Director, New Taiding Investment Co., Ltd	-	-	-	-
Director	Republic of China	D-Link Corporation		2023.5.31	3	1999.5.14	137,532,993	41.58	137,532,993	41.58	-	-	-	-	-	-	-	-	-	-

Title	Nationality or place of registration	Name	Gender/ Age	Date elected	Term (Years)	Date first elected	Shares held when elected		Number of shares currently held		Shares held by spouse or minor children		Number/ percentage of shares held in the name of other persons		Major experience/ academic background	Positions currently assumed in this Corporation or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Remark
							Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage			Title	Name	Relation	
D-Link Corporation Representative Director	Republic of China	Victor Kuo	Male 61	2023.5.31	3	2020.6.15	-	-	-	-	-	-	-	-	Master of Electrical Engineering NTU CEO& GM of AMIGO TECHNOLOGY INC. GM of AXUS Microsystems, Inc.	Chairman & CSO, D-Link Corporation D-Link International Pte. Ltd. Director, D-Link (Europe) Ltd. Director, D-Link Holding Co. Ltd. Director ,D-Link (Holdings) Ltd. Director, D-Link Systems, Inc. Director, D-Link AB. Director, D-Link Capital Investment Co., Ltd Director, D-Link Holding Mauritius, Inc. Director, D-Link Japan K.K. Representative Director ,D-Link Investment Co.,Ltd. Representative Director ,Yong Rui Investment Co., Ltd. Representative Director & CSO, AMIGO TECHNOLOGY INC. Chairman, Amit Wireless Inc.	-	-	-	-
D-Link Corporation Representative Director	Republic of China	CJ Chang	Male 65	2023.5.31	3	2023.5.31	-	-	268	0.00	400	0.00	-	-	Institute of Business Management, Senshu University D-Link Corporation, Northeast Asia Region Business Unit(NEA), Pan-Asia-Pacific Business Group COO of The Network Inc., Executive Assistant and GM of Advantage Century Telecommunication	CEO, D-Link Corporation Chairman, D-Link Japan K.K. Director, D-Link Australia Pty. Ltd. Director,D-Link Middle-East FZCO Director,D-Link (India) Ltd. Director of D-Link (Shiang-Hai) Co., Ltd., Chairman Representative of Institutional Director of D-Link (Shiang-Hai) Co., Ltd. Beijing Branch and First Branch Chairman and Representative of Institutional Director of Netpro Trading Chairman,(Shiang-Hai) Co., Ltd. and Beijing Branch	-	-	-	-

Title	Nationality or place of registration	Name	Gender	Date elected	Term (years)	Date first elected	Shares held when elected		Number of shares currently held		Shares held by spouse or minor children		Number/percentage of shares held in the name of other persons		Major experience/ academic background	Positions currently assumed in this Corporation or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Remark
							Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage			Title	Name	Relation	
Independent director	Republic of China	Zhengting Chen	Male 63	2023.5.31	3	2023.5.31	-	-	-	-	-	-	-	-	Fudan University EMBA Bachelor of Accounting, Chinese University CPA, Jiahe United Accounting Firm	CPA, Jiahe United Accounting Firm Huang Long Development Co.,Ltd.	-	-	-	-
Independent director	Republic of China	Ming Jyi Jang	Male 61	2023.5.31	3	2023.5.31	-	-	-	-	-	-	-	-	Mechanical PhD of National Cheng Kung University Master of Aeronautics and Astronautics National Cheng Kung University Chairman, TAI JUN BIOTECH CO., LTD. Vice-principal, Far East Technology University	Chairman,TAI JUN BIOTECH CO., LTD	-	-	-	-
Independent director	Republic of China	Zhen Yu Li	Male 32	2023.5.31	3	2023.5.31	-	-	-	-	-	-	-	-	Master of Information and Telecommunication Engineering, Ming Chuan University Bachelor of Statistics, National Taipei University Manager ,Clco Conference Consulting Ltd.	Manager ,Clco Conference Consulting Ltd.	-	-	-	-

1. Major shareholders of Institutional Shareholders

2025/03/29

Name of Institutional Shareholder	Major shareholders of Institutional Shareholders	
	Shareholders	Percentage
D-Link Corporation	Sapido Technology Inc.	9.93%
	E-Top Metal Co., Ltd.	4.80%
	Pu Ju Investment Co., Ltd.	2.65%
	Yitongyuan investment Co., Ltd.	1.80%
	Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.06%
	Acadian Emerging Markets Small Cap Equity Fund LLC	0.98%
	Qianjin Investment Co., Ltd.	0.90%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	0.85%
	GLORIA MATERIAL TECHNOLOGY CORP	0.83%
	Chia Hwa Investment Co., Ltd.	0.83%
Taiwan Network Group United Co., Ltd.	Kings Asset Management Co., Ltd.,	100%

2. Institutional shareholders whose major shareholders are institutions

2025/03/29

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

3. Professional qualifications and independence of the Directors

2025/03/29

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

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

March29 2025

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

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

1. Remuneration paid to directors (including independent directors)

Unit NT\$ Thousands																						
Title	Name	Remuneration to directors								Ratio of total remuneration (A+B+C+D) to net income		Relevant remuneration received by directors who are also employees								Total remuneration (A+B+C+D+E+F+G) as a % of net income after tax		Remuneration from an invested company other than the Company's subsidiaries or parent company
		Remuneration (A)		Severance pay and pension (B)		Remuneration to directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements		The Company	All companies listed in the financial statements	
Chairman	Taiwan Network Group United Co., Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Representative Director Jeff Wu	-	-	-	-	-	-	25	25	25 0.0152%	25 0.0152%	2,838	2,838	-	-	-	-	-	-	2,863 1.740%	2,863 1.740%	-
	Representative Director Joanne Chen	-	-	-	-	-	-	25	25	25 0.0152%	25 0.0152%	-	-	-	-	-	-	-	-	25 0.0152%	25 0.0152%	-
Director	D-Link Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Representative Director Victor Kuo	-	-	-	-	-	-	15	15	15 0.0091%	15 0.0091%	-	-	-	-	-	-	-	-	15 0.0091%	15 0.0091%	-
	Representative Director CJ Chang	-	-	-	-	-	-	15	15	15 0.0091%	15 0.0091%	-	-	-	-	-	-	-	-	15 0.0091%	15 0.0091%	-
Independent Director	Zhengting Chen	200	200	-	-	-	-	25	25	225 0.1367%	225 0.1367%	-	-	-	-	-	-	-	-	225 0.1367%	225 0.1367%	-
Independent Director	Ming Jyi Jang	200	200	-	-	-	-	-	-	200 0.1215%	200 0.1215%	-	-	-	-	-	-	-	-	200 0.1215%	200 0.1215%	-
Independent Director	Zhen Yu Li	200	200	-	-	-	-	20	20	220 0.1337%	220 0.1337%	-	-	-	-	-	-	-	-	220 0.1337%	220 0.1337%	-
1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: According to the company's directors' salary and remuneration method, independent directors are entitled to remuneration of NT\$200,000 per person per year, paid quarterly. Directors attending the board of directors or attending the general meeting of shareholders may receive NT\$5,000 per person per ride. 2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors: None.																						

Table of Remuneration Ranges for the Directors

Range of remuneration to the Directors	Name			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements
Less than NT\$ 1,000,000	Taiwan Network Group United Co., Ltd Representative Director,Jeff Wu 、 Taiwan Network Group United Co., Ltd Representative Director,Joanne Chen 、 D-Link Coporation Representative Director, Victor Kuo 、 D-Link Coporation Representative Director , CJ Chang 、 Zhengting Chen 、 Ming Jyi Jang 、 Zhen Yu Li	Taiwan Network Group United Co., Ltd Representative Director,Jeff Wu 、 Taiwan Network Group United Co., Ltd Representative Director,Joanne Chen 、 D-Link Coporation Representative Director, Victor Kuo 、 D-Link Coporation Representative Director , CJ Chang 、 Zhengting Chen 、 Ming Jyi Jang 、 Zhen Yu Li	Taiwan Network Group United Co., Ltd Representative Director,Joanne Chen 、 D-Link Coporation Representative Director, Victor Kuo 、 D-Link Coporation Representative Director , CJ Chang 、 Zhengting Chen 、 Ming Jyi Jang 、 Zhen Yu Li	Taiwan Network Group United Co., Ltd Representative Director,Joanne Chen 、 D-Link Coporation Representative Director, Victor Kuo 、 D-Link Coporation Representative Director , CJ Chang 、 Zhengting Chen 、 Ming Jyi Jang 、 Zhen Yu Li
NT\$ 1,000,000 (inclusive) to 2,000,000 (not inclusive)				
NT\$ 2,000,000 (inclusive) to 3,500,000 (not inclusive)			Taiwan Network Group United Co., Ltd Representative Director,Jeff Wu	Taiwan Network Group United Co., Ltd Representative Director,Jeff Wu
NT\$ 3,500,000 (inclusive) to 5,000,000 (not inclusive)				
NT\$5,000,000 (inclusive) to NT\$10,000,000 (not inclusive)				
NT\$10,000,000 (inclusive) to NT\$15,000,000 (not inclusive)				
NT\$15,000,000 (inclusive) to NT\$30,000,000 (not inclusive)				
NT\$30,000,000 (inclusive) to NT\$50,000,000 (not inclusive)				
NT\$50,000,000 (inclusive) to NT\$100,000,000 (not inclusive)				
NT\$100,000,000 and above				
Total	7	7	7	7

Note1: Retirement pensions are all appropriated for retirement pension expenses in 2024.

2. Remuneration paid to Supervisors

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

3. Remuneration paid to the President and Vice Presidents

Unit NT\$ Thousands

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and Allowances (C)		Employee bonus (D)				Total amount and Ratio of total remuneration (A+B+C+D) to net Income (%)		Remuneration from an invested company other than the Company's subsidiaries or parent company
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements		The Company	All companies listed in the financial statements	
								Cash	stock	Cash	stock			
General Manager	Allen Cheng	3,240	3,240	-	-	603	603	-	-	-	-	3,843 2.3354%	3,843 2.3354%	-

Table of Remuneration Ranges for the President and Vice Presidents

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

Note 1: Retirement pensions are all appropriated for retirement pension expenses in 2024.

4. Top Five Managerial Officers with the Highest Remuneration

Unit NT\$ Thousands

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and Allowances (C)		Employee bonus (D)				Total amount and Ratio of total remuneration (A+B+C+D) to net Income(%)		Remuneration from an invested company other than the Company's subsidiaries or parent company
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements		The Company	All companies listed in the financial statements	
								Cash	stock	Cash	stock			
General Manager	Allen Cheng	3,240	3,240	-	-	603	603	-	-	-	-	3,843 2.3354%	3,843 2.3354%	-
Assistant Vice President	Ray Tseng	2,640	2,640	108	108	700	700	-	-	-	-	3,448 2.0953%	3,448 2.0953%	-
Assistant Vice President	Sming Wang	2,460	2,460	108	108	824	824	-	-	-	-	3,392 2.0611%	3,392 2.0611%	-
Assistant Vice President	Albert Kao	2,340	2,340	108	108	898	898	-	-	-	-	3,346 2.0334%	3,346 2.0334%	-
Accounting Supervisor	Jessica Su	1,378	1,378	83	83	506	506	-	-	-	-	1,967 1.1953%	1,967 1.1953%	-

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

December 31, 2024 (Unit: NT\$ thousands)

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

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

Title	Ratio of total remuneration to net income after tax (%) 2024		Ratio of total remuneration to net income after tax (%) 2023	
	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements
Directors	4.50%	4.50%	21.04%	21.04%
Supervisors				
President and Vice Presidents				

The remuneration paid to directors by the company and all companies listed in the consolidated statements in the most recent two years is appropriated according to the Articles of Incorporation, which stipulate that: "From the profit earned by the Company as shown through the annual account closing, no more than 2% shall be taken for directors' remuneration. The annual earning distribution status was submitted to the Board of Directors for discussion before being sent to the shareholders' meeting for resolution. Due to net loss, no director's remuneration was appropriated in 2024 and 2023. According to the company's directors' salary and remuneration method, independent directors are entitled to remuneration of NT\$200,000 per person per year, paid quarterly. Directors attending the board of directors or attending the general meeting of shareholders may receive NT\$5,000 per person per ride. Independent directors do not participate in director remuneration distribution.

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

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

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

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

III 、 Operation of corporate governance

(I) Operations of the Board of Directors

A total of 4 meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

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

Other mentionable items:

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

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

Date	Proposal	All independent directors' opinions
The 5 th meeting of the 12 th term 2024.2.26	1. Approved to change Certificated Public Accountant of the CPA firm 2. Approval of 2023 business report and consolidated financial statement (inclusive parent company only financial statement) 3. Approval of the 2023 Deficit Compensation Proposal 4. Approval 2023 Internal Control System Statement 5. Approval of 2024 business plan 6. Approval of 2023 CPA independence and suitability assessment 7. Approval of 2024 CPA fees 8. Approved to amendment of Internal Control System- Other Management procedures 9. Approved to amendment of Regulations Governing Procedure for Board of Directors Meetings 10. Approved to dispose of the right to use assets from related parties 11. Approved to revise the Articles of Incorporation	Approved by all independent directors

The 6 th meeting of the 12 th term 2024.5.7	1. Approval of 2024Q1 consolidated financial statement 2. To approve renewal liability insurance for directors and managers	
The 7 th meeting of the 12 th term 2024.8.6	1. Approval of 2024Q2 consolidated financial statement 2. Approved to amendment of Internal Control System Statement- Labor and wage cycle	
The 8 th meeting of the 12 th term 2024.11.12	1. Approval of 2024 Q3 consolidated financial statement 2. Report on the review results of independent directors' qualifications meeting relevant laws and regulations during the office period 3. Approved to amendment of Internal Control System - Sale and receipt cycle 4. Approved to amendment of Internal Control System – Other Management procedures 5. Approved to stipulate Greenhouse gas inventory management operating procedures 6. Approved to amendment of audit committee charter	

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

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

None

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

The implementation status of evaluation of the Board of directors

The company stipulated "Performance Evaluation Method for the board of directors" and resolved on Board of directors meeting on March 26, 2018. It is required that the directors complete the self-evaluation questionnaire and submit it to the stock affairs department before the first quarter of following year.

The overall self-evaluation score of the board of directors performance in 2024 was 4.82 points/5 points equal to 96.44/100. This indicates that the board has effectively guided and supervised the company's strategies, significant operations, and risk management, and has established appropriate internal control systems in accordance with corporate governance requirements. The self-evaluation score of the individual board members performance was 4.95 points/5 points equal to 99.01/100. The performance rating Indicated that directors had a positive evaluation of the Board. The overall score of the self-evaluation of the audit committee in 2024 was 4.85 points/5 points; the overall score of the self-evaluation of the remuneration committee in 2024 was 4.85 points/5 points, indicating that the operation of the committee was good.

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	2024/1/1~ 2024/12/31	the Board of directors	the Board of directors self-evaluation	1. Degree of participation in company operations 2. Quality decision making by directors 3. The component and structure of the board of directors 4. Directors election and further education 5. Internal Control
Once a year	2024/1/1~ 2024/12/31	Performance evaluation of individual board members	Board member self-evaluation	1. Company goals and tasks responsibilities of the directors 2. Degree of participation in company operations. 3. Relationship and communication 4. Profession and further education of directors 5. Internal Control
Once a year	2024/1/1~ 2024/12/31	Audit / Remuneration Committee	the Board of directors self-evaluation	1. Participation in the operation of the Company; 2. Awareness of the duties of the audit committee; 3. Improvement of quality of decisions made by the audit committee; 4. Makeup of the audit committee and election of its members; 5. Internal control

4. Goals for enhancing the functions of the Board of Directors (such as establishing an Audit Committee or increasing information transparency) for the current year and most recent year as well as the assessment of the actions implemented:

The company established an audit committee on June 16, 2017, composed of all independent directors to improve the effectiveness of the board of directors. In order to consolidate corporate governance and enhance the functions of the company's board of directors, the company has formulated the "Board Performance Evaluation Method" on March 26, 2018, and conducts annual performance evaluations to enhance the operational efficiency of the board of directors. All directors of the Company participated in 51 hours of training in 2024, and the completion rate of each director's training hours was 100%. In response to corporate governance, directors attending shareholders' meeting increase their participation in the company's operations. The attendance rate of the shareholders' meetings increase by 42% in 2024.

(II) Operation of Audit Committee

1、 Audit Committee :

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

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Independent Director	Zhengting Chen	4	0	100.0	Elected on 2023/5/31
Independent Director	Ming Jyi Jang	4	0	100.0	Elected on 2023/5/31
Independent Director	Zhen Yu Li	4	0	100.0	Elected on 2023/5/31

Other mentionable items

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

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

Date	Proposal	All independent directors' opinions
The 3 rd meeting of the 3 rd term 2024.2.26	1. Approved to change Certificated Public Accountant of the CPA firm 2. Approval of 2023 business report and consolidated financial statement (inclusive parent company only financial statement) 3. Approval of the 2023 Deficit Compensation Proposal 4. Approval 2023 Internal Control System Statement 5. Approval of 2024 business plan 6. Approval of 2024 CPA independence assessment 7. Approval of 2024 CPA fees 8. Approved to amendment of Internal Control System - Other Management procedures 9. Approved to dispose of the right to use assets from related parties	Approved by all independent directors
The 4 th meeting of the 3 rd term 2024.5.7	1. Approval of 2024Q1 consolidated financial statement 2. To approve renewal liability insurance for directors and managers	
The 5 th meeting of the 3 rd term 2024.8.6	1. Approval of 2024Q2 consolidated financial statement 2. Approved to amendment of Internal Control System Statement- Labor and wage cycle	
The 6 th meeting of the 3 rd term 2024.11.12	1. Approval of 2024 Q3 consolidated financial statement 2. Approved to amendment of Internal Control System - Sale and receipt cycle 3. Approved to amendment of Internal Control System – Other Management procedures 4. Approved to stipulate Greenhouse gas inventory management operating procedures	

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

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

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

(1)The audit supervisor of the company quarterly reports to the members of the audit committee on the implementation of the audit plan. No major abnormalities were discovered in 2024, and the

communication between the independent directors of the company and the internal audit supervisor was good.

(2) CPA quarterly reports to the members of the audit committee on the audit result of financial report and other items required by SEC laws. No major abnormalities were discovered in 2024, and the communication between the independent directors and the CPA was good.

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

Date	Content of the communication	Result
2024.2.26	Report on 2023 Q4 status of audit Implementation Amendment of Internal Control System – Other Management procedures	Independent directors have no opinion
2024.5.7	Report on 2024 Q1 status of audit implementation	Independent directors have no opinion
2024.8.6	Report on 2024 Q2 status of audit implementation Amendment of Internal Control System –Labor and wage cycle	Independent directors have no opinion
2024.11.12	Report on 2024 Q3 status of audit implementation Amendment of Internal Control System–Sale and receipt cycle Amendment of Internal Control System–Other Management procedures	Independent directors have no opinion

Communication between independent directors and CPA:

Date	Content of the communication	Result
2024.2.26	2023 consolidated (individual) financial report audit results 2024 CPA fees 2023 Q4 communication about key audit matters with corporate governance and law update	Independent directors have no opinion
2024.5.7	2024 Q1 consolidated financial report review result	Independent directors have no opinion
2024.8.6	2024 Q2 consolidated financial report review result 2024 Q2 communication about key audit matters with corporate governance and law update	Independent directors have no opinion
2024.11.12	2024 Q3 consolidated financial report review result 2024 Q3 communication about key audit matters with corporate governance and law update General principles for pre-approval of non-reliable service policies	Independent directors have no opinion

2、Audit Committee work point:

- Adoption or amendment to an internal control system pursuant to Article 14-1
- Assessment of the effectiveness of the internal control system
- Review financial Statement audited by CPA
- A material asset or derivatives transaction
- A material monetary loan, endorsement, or provision of guarantee
- The offering, issuance, or private placement of any equity-type securities
- The hiring or dismissal of an attesting CPA and independent assessment
- The appointment or discharge of a financial, accounting, or internal auditing officer
- Review financial Statement audited by CPA

The 2024 business report, financial statements and deficit compensation proposal, which were agreed upon the Audit Committee and resolved by the Board, were audited by the CPA of KPMG,

and a review report was issued.

➤ Assessment of the effectiveness of the internal control system

The audit committee assessed the company's internal control system for the year 2024, including five major aspects: control environment, risk assessment, control operations, information communication and supervision for evaluation of the effectiveness of internal control, as well as whether the design and system of internal control were actually implemented. The committee believes that the company's internal control system is effective and the company will continue to make amendments to improve the internal control system.

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

Item	Implementation Status (Note1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		Cameo has formulated the Corporate Governance Best-Practice Principles which approved by the board of directors on March 24, 2017. In accordance with the Best-Practice Principles for TWSE/TPEX Listed Companies.	No material deviations
II. Shareholding structure & shareholders’ rights				
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) The company has dedicated personnel to deal with shareholder suggestions or disputes and other issues, and if it involves Legal issues will be referred to the company's legal counsel. The company possesses the list of its major shareholders as well as the ultimate owners of those shares shall be disclosed in accordance with regulations.	No material deviations
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Company has delegated a dedicated person to manage the relevant information about the company’s list of its major shareholders as well as the ultimate owners of those shares.	No material deviations
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The company establish and execute the risk management and firewall system within its conglomerate structure in accordance with "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises", "Supervision Measures for Subsidiaries”, "Procedure for Endorsement and Guarantee" 、 "Procedure for lending funds to other parties. "	No material deviations
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(4) The company stipulated " Internal Material Information Processing Procedures "and "Code of Ethical Conduct" that	No material deviations

Item	Implementation Status (Note1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>avoid conflicts of interest related to their duties and disclose unpublished information.</p> <p>The company stipulated “Corporate Governance Best-Practice Principles” which prohibit insiders (including directors) from trading securities using information not disclosed during the closed period (30 days before the annual financial report announcement and 15 days before the quarterly financial report announcement). The company will educate directors and managers on the prohibition of insider trading when they are appointed and during term of office, and also remind insiders through mail not trading securities before the annual financial report announcement, and fifteen days before the quarterly financial report announcement. There was an aggregate of 12 attendees for the insider-trading course in 2024.</p>	
<p>III. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p>	V		<p>(1) The Company stipulates in the "corporate governance principles" that the board of directors should consider diversity, including but not limited to the following two standards:</p> <p>a. Basic conditions and values: gender, age, nationality and culture, etc.</p> <p>b. Professional knowledge and skills: professional background. The current board of directors of the company consists of 7 directors, including 4 directors and 3 independent directors. As of the end of 2024, there were 7 current directors, 1 director aged 30-40 years old, 1 director aged 40-50 years old, 1 director aged 50-60 years old, and 4</p>	No material deviations

Item	Implementation Status (Note1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	<p>director aged over 60 years old. Achieving the goal of having one female director on Board is set to improve gender quality and diversity. The Board finally achieved on 2023.9.11. The board members are 86% male and 14% female; we plan to improve gender equality. Next objective is to achieve one-third of the female members in the 13th Board of Directors election in 2026. All independent directors comply with the regulations on independence of the Securities and Futures Bureau of the Financial Supervisory Commission. Diversity of Board members refers to note1.</p> <p>(2) The Company has established the Remuneration Committee and the Audit Committee in accordance with the law. Establishing other functional committees would be considered.</p>	No material deviations
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		<p>(3) The company stipulated "Performance Evaluation Method for the board of directors" on March 26, 2018. It is required that the directors complete the self-evaluation questionnaire and submit it to the stock affairs department before the first quarter of following year. Stock affairs department will evaluate performance of Directors /Audit Committee / Remuneration Committee and report the result. On February 25, 2025, the performance results of the 2024 board of directors' evaluation submitted to the board of directors. The overall self-evaluation score of the board of directors performance in 2024 was 4.82 points/5 points, and the self-evaluation score of the individual board members performance was 4.95 points/5 points. The performance rating Indicated that directors had a positive evaluation of the Board. The overall score of the self-evaluation of the</p>	No material deviations

Item	Implementation Status (Note1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?	V		<p>audit committee was 4.85 points/5 points; the overall score of the self-evaluation of the remuneration committee in 2024 was 4.85 points/5 points, indicating that the operation of the committee was good. Please refer to page 17 of the annual report for the 2024 performance evaluation. The company will take as a reference for the nomination for reelection of directors and members of committee. Remuneration paid to Independent directors are currently a fixed salary pay NTD 200,000 per year.</p> <p>(4) The company regularly evaluates the independence of CPAs once a year. 2024 result submitted to the board of directors on February 25, 2025. The independence and competency of certified accountants are verified in accordance with the information disclosed by the Audit Quality (AQI). After confirming that the CPA has no other financial interest or business relationship between the Company apart from the fees for auditing and tax matters. We have verified that CPA and the firm have auditing experience and training hours comparable to the industry average by referencing AQI indicators information. According to result, Serena Hsin CPA and Yvette Chien CPA both meet the standard of independence of CPAs. The standard of independence of CPAs refers to note 2.</p>	No material deviations

Item	Implementation Status (Note1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
IV. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		The company has assigned a corporate governance officer concurrently as the accounting supervisor through board of directors on May 4, 2021. According to the "Standard Operating Procedures for Dealing with Directors' Requirements", the company currently appoint corporate governance officer and financial staff part-time to deal with matters related to the board of directors and shareholders meeting, company registration, preparing minutes of the board of directors and shareholders meeting, etc. Information required by directors and supervisors to perform their business and assist them to comply with laws and regulations. Training sessions by corporate governance officer in 2024 refers to note 3.	No material deviations
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company has set up a section on the Company's website dedicated to stakeholders, where any questions and suggestions can be communicated with the Company through the channels, and the Company will handle and respond directly as soon as possible.	No material deviations
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed the Transfer Agency of Yuanta Securities Co., Ltd to handle affairs relevant to the shareholders' meeting. Since December 2024 ,the Company has appointed the Transfer Agency of Capital Securities Corp.	No material deviations
VII. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1) The company has set up a company website section to disclose financial business-related information. Investors can also require the company's financial status, business and corporate governance information through Market Observation Post System.	No material deviations
(2) Does the company have other information	V		(2) The company has dedicated personnel to disclose financial	No material deviations

Item	Implementation Status (Note1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?			information on the company’s website and Market Observation Post System.	
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V		(3) The company has announced and reported annual financial statements within two months after the end of each fiscal year in 2024 and reported Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit	No material deviations
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?	V		Major Information will be disclosed on the company website and Market Observation Post System, which help shareholders to comprehend company’s operation and strategy. The directors of the company had a total of 51 hours of training in 2024. The company has purchased liability insurance for directors and important staff, and reported the insurance coverage to the board of directors for approval and then announced it on the Market Observation Post System.	No material deviations
IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. The company participated in the evaluation of self-assessment of corporate governance of listed companies conducted by the Taiwan Stock Exchange Co., Ltd. The company updated the corporate governance area and ESG area on website. The company's board of directors and management sign a statement of ethical management and establish a dedicated unit for ethical management training and a reporting system. The improvement of the above evaluation items was compliance with the regulations of the governance.				

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

Note1: Diversity of Board members

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

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

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

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

Note3 : Training sessions by corporate governance officer in 2024

Institution of training	Name of the training session	Period of training	Hours of training	Total hours of training
Taiwan Institute of Directors	Steering the Ship of Corporate Intelligence: Governance Leading the Way	2024/4/10~2024/4/10	3	24
Securities and Futures Institute	Board Members and Supervisors (including Independents) and Corporate Governance Practice Workshop - Taipei Session	2024/6/25~2024/6/26	12	
Taiwan Stock Exchange Corporation	2024 ESG Finance Conference	2024/7/3~2024/7/3	6	
Securities and Futures Institute	2024 Insider equity transaction legal compliance promotion briefing meeting	2024/9/20~2024/9/20	3	

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

1、Information on the members of the Remuneration Committee

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

2 、 Duties of Remuneration Committee Member

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

- (1) Regularly review the organizational procedures of the Remuneration Committee and propose amendments.
- (2) Formulate and regularly review the company's directors, supervisors and managers' annual and long-term performance targets and remuneration policies, systems, standards and structures.
- (3) Regularly evaluate the achievement of the performance goals of the company's directors, supervisors and managers, and determine the content and amount of their individual remuneration.

3 、 Operation of the Remuneration Committee

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

A total of 2 Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

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

Date	Proposal	All members' opinions
The 3 rd meeting of the 5 th term 2024.2.26	1. Review 2024 the manager's Remuneration	Approved by all committee members
The 4 th meeting of the 5 th term 2024.8.6	1. Review 2024 the manager's Remuneration	

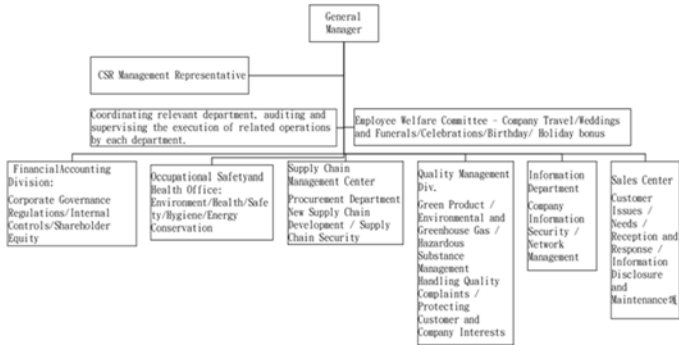
4. Remuneration Committee work point

➤ Review the remuneration for managers

The evaluation of a manager's performance and remuneration should reference industry standards and consider the individual's time commitment, responsibilities, achievement of personal goals, performance in other roles, salaries of similar positions within the Company, as well as the alignment of personal performance with the Company's short-term and long-term business goals and financial condition. The remuneration committee ensures that the company's remuneration arrangements comply with relevant laws and are sufficient to attract top talent.

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

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons							
	Yes	No	Summary(Note2)								
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		<p>The Sustainability Committee of our company was established and approved by the board of directors on 2022.2.22. The General Manager serves as the Chairman of the Committee. The Committee has set its tasks and objectives and is staffed by members from various departments of the company. It is responsible for updating the sustainability report annually.</p> <p>To enhance information transparency, since 2023, Cameo Communications Inc. has reported its ESG implementation results to the Board of Directors once a year, strengthening the Board's involvement in the company’s ESG initiatives.</p> <table><tr><th>Report Date</th><th>Report Content</th><th>Board's Directives and Concerns</th></tr><tr><td rowspan="2">Nov 7, 2023</td><td>–"Presented the first sustainability report and future sustainability-related matters to the Board of Directors." °</td><td rowspan="2">–"Provided guidance and recommendations on the follow-up plans for environmental sustainability issues in 2024."</td></tr><tr><td>–Submitted a report on the implementation results."</td></tr></table>	Report Date	Report Content	Board's Directives and Concerns	Nov 7, 2023	–"Presented the first sustainability report and future sustainability-related matters to the Board of Directors." °	–"Provided guidance and recommendations on the follow-up plans for environmental sustainability issues in 2024."	–Submitted a report on the implementation results."	No material deviation.
Report Date	Report Content	Board's Directives and Concerns									
Nov 7, 2023	–"Presented the first sustainability report and future sustainability-related matters to the Board of Directors." °	–"Provided guidance and recommendations on the follow-up plans for environmental sustainability issues in 2024."									
	–Submitted a report on the implementation results."										

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
			<div> <div>Aug 6, 2024</div> <div> <p>- Reported to the Board of Directors on the 2023 Sustainability Report, sustainability-related matters, and implementation results.</p> <p>Provided directives on the planning timeline for achieving the national sustainability goals for 2025. Closely monitored the progress of the digital sustainability initiative and offered further guidance.</p> </div> </div> <p>The Board of Directors is required to review the achievement of sustainability development goals and urge adjustments to be made by the management team when necessary.</p> <p>The organizational chart is as follows:</p>  <pre> graph TD GM[General Manager] --> CSR[CSR Management Representative] GM --> EWC[Employee Welfare Committee - Company Travel/Weddings and Funerals/Celebrations/Birthday/ Holiday bonus] CSR --> CO[Coordinating relevant department, auditing and supervising the execution of related operations by each department.] CO --> FA[Financial/Accounting Division: Corporate Governance Regulations/Internal Controls/Shareholder Equity] CO --> OS[Occupational Safety and Health Office: Environment/Health/Safety/Hygiene/Energy Conservation] CO --> SCM[Supply Chain Management Center: Procurement Department New Supply Chain Development / Supply Chain Security] CO --> QM[Quality Management Div. Green Product / Environmental and Greenhouse Gas / Hazardous Substance Management Handling Quality Complaints / Protecting Customer and Company Interests] CO --> ID[Information Department: Company Information Security / Network Management] CO --> SC[Sales Center: Customer Issues / Needs / Reception and Response / Information Disclosure and Maintenance] </pre>	
II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the	V		<p>CAMEO, Our company adheres to the "Practical Guidelines for Sustainable Development" to implement corporate governance and identify stakeholders based on relevance,</p>	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons									
	Yes	No	Summary(Note2)										
materiality principle, and formulate relevant risk management policies or strategies?			<p>including employees, shareholders, customers, suppliers, etc. It combines materiality analysis to identify significant issues. Significant issues can be categorized into economic, environmental, social, and corporate governance aspects related to company operations. Our company conducts risk assessments on these significant issues and establishes relevant risk management policies or strategies.</p> <p>Cameo Communications' risk management framework is centered around each responsible department, which conducts relevant risk assessments based on the likelihood of occurrence and the potential impact on the company. Specific high-risk items are then addressed through targeted risk responses to ensure the company's goal of sustainable operations is achieved.</p> <p style="text-align: center;">Cameo Communications Risk Management Framework</p> <table><tr><th>Risk Category</th><th>Responsible Department</th><th>Risk-Related Business Activities</th></tr><tr><td>Strategic Risk</td><td>Office of the Chairman</td><td>– Formulate the company's future business policies.</td></tr><tr><td>Operational and Market Risk</td><td>Office of the General Manager Business Unit All Relevant Departments</td><td>– Execute product research and development, manufacturing, and sales in line with company strategy. Strive to improve production technologies, enhance quality, and reduce costs to increase profitability.</td></tr></table>	Risk Category	Responsible Department	Risk-Related Business Activities	Strategic Risk	Office of the Chairman	– Formulate the company's future business policies.	Operational and Market Risk	Office of the General Manager Business Unit All Relevant Departments	– Execute product research and development, manufacturing, and sales in line with company strategy. Strive to improve production technologies, enhance quality, and reduce costs to increase profitability.	
Risk Category	Responsible Department	Risk-Related Business Activities											
Strategic Risk	Office of the Chairman	– Formulate the company's future business policies.											
Operational and Market Risk	Office of the General Manager Business Unit All Relevant Departments	– Execute product research and development, manufacturing, and sales in line with company strategy. Strive to improve production technologies, enhance quality, and reduce costs to increase profitability.											

Items	Implantation status (Note1)					Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary(Note2)			
			Financial and Liquidity Risk	Finance	– Hedge against interest rate and foreign exchange risks; manage bank credit lines and maintain banking relationships.	
			Customer Credit Risk	Finance	– Establish and review customer credit limits; manage and collect accounts receivable.	
			Legal Risk	Legal Affairs	– Review contracts and company authorizations; reduce legal risks and safeguard the company’s tangible and intangible assets.	
			Environmental Health and Safety Risk	Facility Management	– Address workplace safety and health hazards and specific risk factors. Implement EHS policy-driven safety and health management to enhance performance.	
			Risk Category	Risk Description	Risk Management Strategy	
			Sustainable Environment	Greenhouse gas emissions continue to rise/ Increasing emission intensity	– Establish green factory management systems – Develop energy-saving and carbon reduction initiatives – Plan for energy resource audits and source-level management – Invest in green bonds to realize sustainability values	

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
				in environmental protection, social responsibility, and corporate governance.
			Violation of environmental regulations	– Promote environmental education and awareness –Provide refresher training on environmental laws and regulations
			Increase in waste volume / Decline in recycling rate	–Minimize waste from the source in product and process design; comply with legal waste disposal requirements. –Promote waste sorting and increase recycling rates.
			Employee Care	High incidence of occupational injuries –Occupational Injuries: Safety and health bulletins are issued monthly to promote awareness, including accident investigations and case studies from other companies. Regular internal or external safety and health training sessions related to job duties are conducted, led by in-house specialists or sponsored instructors. Effectiveness is verified through tests, practical exercises, or the

Items	Implantation status (Note1)					Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary(Note2)			
					issuance of completion certificates.	
				Overwork	–Regularly conduct workforce audits and personnel assessments.	
				Insufficient employee competency	–Define required competencies for each role and provide targeted training programs to enhance employee capabilities.	
				High turnover rate / Labor shortage	– Design competitive compensation and employee benefits packages. –Develop comprehensive training and local talent development programs. –Plan and execute employee education and development strategies.	
			Operational Performance	Insufficient product market competitiveness	–Provide market research training for product development staff. –Investigate and participate in international standards organizations to increase market exposure. –Arrange advanced development training courses for R&D personnel.	

Items	Implantation status (Note1)			Summary(Note2)		Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No				
				Frequent cybersecurity incidents / Business interruptions caused by cyberattacks	–Conduct annual security testing, IT security audits, phishing awareness, and cyber incident drills. –Strengthen employees' cybersecurity awareness and incident response capabilities to ensure early prevention, timely detection, and containment. –Publicize the company's cybersecurity policies annually and cultivate staff with cybersecurity certifications. –Provide cybersecurity education and training to all employees.	
				Rising raw material costs / Supply chain disruptions	–Diversify suppliers to reduce reliance on a single source. –Establish long-term trust and cooperative relationships with suppliers to gain support and priority access. –Monitor market trends closely, including raw material prices and supply conditions, to anticipate potential issues.	

Items	Implantation status (Note1)			Summary(Note2)	Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No			
				<ul style="list-style-type: none"> –Sign long-term supply contracts to ensure stability in supply and pricing. –Identify backup suppliers and create contingency plans in case the primary supplier fails to deliver. –Use technology tools and data analytics to monitor and manage supply chain risks. –Maintain frequent, open communication with suppliers to share information and solve problems promptly. 	
				<p>R&D Bottlenecks</p> <ul style="list-style-type: none"> –Conduct competitive analysis of product specifications in the market. –Regularly recruit new R&D talent to invigorate innovation capabilities. 	
III. Environmental issues (I) Has the Company set an environmental management system designed to industry characteristics?	V		(I) Cameo Communications has passed ISO 14001 environmental management at the factory end and developed sustainable environmental operations as follows: 1. The company promotes green procurement measures, requiring raw materials and components of products to comply with regulations prohibiting harmful substances, such as RoHS requirements. Suppliers are required to upload RoHS Reports, REACH data, and MSDS (Material Safety Data		No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		<p>Sheets) on the company's website at http://gpmap.cameo.com.tw.</p> <p>2. At the factory end, harmful substance incoming inspections are conducted using XRF (X-ray Fluorescence) detection equipment. During product development stages, dismantling reports are prepared according to customer requirements to achieve the 3R (Reuse, Recycle, Recovery) goals, in line with relevant directives for WEEE (Waste Electrical and Electronic Equipment) to reduce environmental impact.</p> <p>3. The ISO 14001 environmental management system was verified by the certification body (SGS) on November 30, 2024, and the certificate is valid until November 29, 2027.</p> <p>(II)</p> <p>1. Our company implements waste sorting, recycling of electronic waste components, and the use of environmentally friendly paper to recycle usable resources and reduce environmental pollution impacts.</p> <p>2. Currently, supervised by the General Affairs Department, environmental cleaning tasks are outsourced to a cleaning company, with all employees collectively maintaining the environment.</p> <p>3. Our company promotes paperless operations in the office, turns off lights during lunch breaks to reduce energy waste and usage, installs water-saving devices in the tap water system, uses energy-saving light fixtures, and implements</p>	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
(III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		<p>zone switches for power and air conditioning systems to practice energy conservation, carbon reduction, and greenhouse gas emission reduction measures.</p> <p>(III) The company pays attention to the impact of climate change on its operations. Product designs comply with the EU ErP energy-saving directive, and T5 fluorescent lamps are installed in all office buildings to comply with the company's policies on energy conservation, carbon reduction, and greenhouse gas emission reduction. In view of the increasing severity of global warming issues, our company does not lag behind in environmental protection concerns. Starting from within the organization, from waste sorting, kitchen waste recycling, paperless offices, energy conservation, to the design of energy-saving and water-saving devices, we endeavor to contribute to Taiwan's environment.</p>	No material deviation.
(IV) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		<p>(IV) The company has actively assessed and planned the statistics of greenhouse gas emissions, water usage, and total waste weight to reduce impacts on natural resources and minimize environmental pollution. Plans are in place to quantitatively disclose environmental information, such as renewable energy, water resources, and the use of various raw materials.</p> <p>The company categorizes greenhouse gas emissions according to their sources into direct and indirect emissions. Direct emissions arise from the use of refrigerants, carbon</p>	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons																											
	Yes	No	Summary(Note2)																												
			<p>dioxide fire extinguishers, vehicle fuels, and power generation equipment within the factory premises. Indirect greenhouse gas emissions originate from purchased electricity, all of which is procured from Taiwan Power Company, and from upstream indirect emissions associated with electricity generation.</p> <p>Cameo (parent company) has passed ISO 14064-1:2018 - Greenhouse Gas Verification. The audit results are as follows:</p> <p>carbon emissions</p> <table><tr><td>Items</td><td>2024</td><td>2023</td></tr><tr><td>Direct</td><td>132.9276</td><td>134.7923</td></tr><tr><td>Indirect energy</td><td>3428.7687</td><td>3678.9705</td></tr><tr><td>Indirect others</td><td>675.3425</td><td>723.1592</td></tr><tr><td>Total</td><td>4237.039</td><td>4536.922</td></tr></table> <table><tr><td>Year</td><td>Water consumption (metric ton)</td></tr><tr><td>2024</td><td>20,708</td></tr><tr><td>2023</td><td>23,029</td></tr></table> <table><tr><td>Year</td><td>total weight of waste(metric ton)</td></tr><tr><td>2024</td><td>hazardous waste 6.74 (E-0217&C-0301) non-hazardous waste 0</td></tr><tr><td>2023</td><td>hazardous waste1.27 (C-0301) non-hazardous waste12</td></tr></table>	Items	2024	2023	Direct	132.9276	134.7923	Indirect energy	3428.7687	3678.9705	Indirect others	675.3425	723.1592	Total	4237.039	4536.922	Year	Water consumption (metric ton)	2024	20,708	2023	23,029	Year	total weight of waste(metric ton)	2024	hazardous waste 6.74 (E-0217&C-0301) non-hazardous waste 0	2023	hazardous waste1.27 (C-0301) non-hazardous waste12	
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Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
<p>IV. Social issues</p> <p>(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	V		<p>(I) According to the Labor Standards Act and relevant labor laws, the company timely revises its management regulations and labor conditions, which are superior to the Labor Standards Act. All suppliers of the company are required to commit to corporate social responsibility and the EICC (Electronics Industry Code of Conduct). Cameo Communications places great importance on employee rights and strives to foster a friendly environment that upholds human rights. The company has formulated its human rights policy based on principles outlined in international covenants such as the Universal Declaration of Human Rights, the United Nations Global Compact, the UN Guiding Principles on Business and Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. The policy affirms the recognition of internationally accepted fundamental human rights, including: respect for employees' freedom of association, care for disadvantaged groups, prohibition of child labor, elimination of all forms of forced labor, elimination of discrimination in employment, prevention of any human rights violations, promotion of gender equality, and fair treatment of all employees. Cameo Communications' compensation policy also ensures that employee salaries are determined fairly and are not influenced by gender, age, ethnicity, religion, or political beliefs.</p>	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons						
	Yes	No	Summary(Note2)							
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		<p>Additionally, the company complies with labor and human rights laws at all operational sites. It educates both new and existing employees on human rights protections and labor rights. A reporting mechanism is in place for employees to raise concerns, which are handled by designated personnel through thorough investigations. The identity of whistleblowers is kept confidential, and if any violations are substantiated, the company commits to protecting whistleblowers from retaliation. As of the reporting year, there have been no recorded human rights violations.</p> <p>From 2024, Cameo Communications also began offering human rights policy awareness training through online learning. In-person sessions are also held from time to time, using real-life examples to help employees better understand and engage with human rights issues.</p> <table><tr><th>Course Title</th><th>Training Hours</th><th>Number of Participants</th></tr><tr><td>Human Rights Policy Awareness</td><td>24.85 hours</td><td>71 participants</td></tr></table> <p>(II)</p> <p>1.Employee Benefits: Based on meeting the basic needs of employees, we provide welfare benefits such as labor insurance, health insurance, group insurance, as well as marriage, funeral, childbirth, hospitalization condolences, birthday gifts, and holiday bonuses.</p>	Course Title	Training Hours	Number of Participants	Human Rights Policy Awareness	24.85 hours	71 participants	No material deviation.
Course Title	Training Hours	Number of Participants								
Human Rights Policy Awareness	24.85 hours	71 participants								

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		<p>2. The company has established a performance evaluation management system and conducts regular assessments. Based on evaluation results and promotion criteria, department heads may nominate candidates for promotion, which, upon approval, take effect in either April or October.</p> <p>3. Additionally, in accordance with the Employee Work Rules and Improvement Proposal Program, the company has clearly defined reward mechanisms to encourage employees to pursue personal and professional growth.</p> <p>(III)</p> <p>1 According to the provisions of the Occupational Safety and Health Act, operation environment measurements are conducted every six months. The factory undergoes ISO 45001 verification by ARES annually, with the validity period until November 29, 2027.</p> <p>2. New employee education and training include labor safety and health training. Fire safety lectures and drills are conducted every six months.</p> <p>(1) In 2024, 61 new hires completed occupational safety and health training, including general chemical hazard awareness. A total of 29 sessions were held, totaling 174 hours.</p> <p>(2) Fire safety drills and briefings were conducted twice during the year—in May and December—with 50 participants in total.</p>	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons										
	Yes	No	Summary(Note2)											
(IV) Has the Company established effective career development training programs for employees?	V		<p>(3) Fifteen on-site sessions were held for current employees on workplace safety, health, and wellness topics, with 189 attendees throughout the year.</p> <p>(4) Selected employees attended external training and earned certifications such as ISO 45001 Lead Auditor and Supervisor of Organic Solvent Operations. Additional refresher training was provided as required by law for designated roles (e.g., first-aid responders, radiation safety operators, forklift drivers, and occupational safety personnel).</p> <p>(IV) An annual training plan is developed to provide onboarding training for new employees, on-the-job training, and external training opportunities, supporting overall employee competency development. In 2024, the average training hours per employee were approximately 9.64 hours. A total of NT\$117,900 in subsidies was granted for external training based on professional competencies, resulting in the acquisition of 15 professional licenses/certificates. The breakdown is as follows:</p> <table><tr><th>Professional Competency</th><th>License/Certificate Count</th></tr><tr><td>Internal Audit & Accounting</td><td>5</td></tr><tr><td>Quality Management</td><td>4</td></tr><tr><td>Occupational Safety</td><td>6</td></tr><tr><td>Total</td><td>15</td></tr></table>	Professional Competency	License/Certificate Count	Internal Audit & Accounting	5	Quality Management	4	Occupational Safety	6	Total	15	No material deviation.
Professional Competency	License/Certificate Count													
Internal Audit & Accounting	5													
Quality Management	4													
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Total	15													

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
(V) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		<p>(V) The company's main business models are ODM, OEM, and EMS for brand customers. Therefore, each contract specifies the protection of customer rights. Upholding our commitment to quality, service, and customer satisfaction, we ensure our quality management system meets requirements and is effective and continuously improved to meet customer needs.</p> <p>The company is certified by ISO9001, enhancing corporate image through internationally credible third-party audits. By implementing this system, comprehensive written procedures, processes, and organizations are established, not only leaving behind corporate technical document assets but also serving as templates for operational communication when necessary, making internal communication easier to grasp. The establishment of management systems also improves management efficiency, effectiveness, and work quality to maintain stable and safe product output, ensuring consumer confidence. Through the management operation system, the company comprehensively follows RoHS regulations in process and material management, implementing "upstream management." Procurement personnel request suppliers to adhere to RoHS directive specifications, requiring suppliers to self-regulate, self-test, sign RoHS compliance certificates, and undergo audits to ensure that materials and processes used by the company comply with</p>	No material deviation.

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary(Note2)	
(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		relevant standards and customer requirements. (VI) The company follows all regulations and international standards specified by customers for products and services. Suppliers are required to provide various quality and environmental management assurances. Regular audits are conducted to check for records affecting the environment and society. All suppliers are required to sign the Corporate Social Responsibility - Code of Conduct (CSR-CoC) commitment, including relevant clauses for violating environmental and social policies.	No material deviation.
V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		The company will compile 2024 ESG report with reference to the internationally GRI standards, and entrust third party Great Certification to perform AA1000 Type 1 Moderate Assurance Certificate . The ESG report will be published on the official website of CAMEO Company https://www.cameo.com.tw/home/investor/#cooperation	No material deviation.
<p>VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations:</p> <p>In order to improve the management of corporate social responsibility and strengthen corporate governance, the company has formulated the "Code of Practice for Sustainable Development " in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies " in 2021. There is no major difference in the current operation.</p>				

Items	Implantation status (Note1)			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary(Note2)	

VII. Other important information to help understand the implementation of promoting sustainable development:

The annual ESG report can be found on the official website of CAMEO Company <http://www.cameo.com.tw/>

1. In 2024, Cameo Communications actively supported ESG sustainability goals by investing NT\$100 million in a green bond issued by Taipei Fubon Commercial Bank (Bond Code: G107CJ), aiming to promote sustainable values in environmental protection, social responsibility, and corporate governance.
2. In line with its mission to spread love and share joy, Cameo Communications actively encourages employee participation in community activities. In 2024, the company organized seven secondhand clothing donation events in Taipei and Tainan, with the total value of donated items amounting to approximately NT\$97,683.

Date	Project / Activity	Resources Invested (NTD)	Recipient Organization	Location	Participants	Activity Outcome
2024/11/4~11/8	Secondhand Clothing Donation	21,350	Eden Social Welfare Foundation	Taipei Office	16 people	16 participants donated 48 children's items, 10 men's items, 178 women's items, and 3 scarves (5 boxes, 239 items).
2024/11/4~11/8	Secondhand Clothing Donation	10,400	The Garden of Hope Foundation – Tainan Branch	Tainan Office	7 people	7 participants donated 3 boxes totaling 104 clothing items.
2024/8/12~8/16	Food & Appliance Drive	10,873	The Garden of Hope Foundation – New Taipei Branch	Taipei Office	5 people	Company donated milk (5 boxes/120 packs), tuna (12 cans), meat sauce (21 cans), gluten (9 cans), noodles (5 bags), cookies (6 bags), instant noodles (2 boxes); employees donated 2 cookware sets, 1 oven, and 4 sets of tableware.
2024/7/1~7/5	Secondhand Clothing Donation	14,650	Eden Social Welfare Foundation	Taipei Office	9 people	9 participants donated 12 children's items, 33 men's items, 107 women's items, and 1 hat (4 boxes, 153 items).
2024/5/20~5/24	Used Book Donation – Your Old Book, Their Hope	13,760	Sunshine Social Welfare Foundation	Taipei Office	12 people	Collected 172 books after quality screening.
2024/4/15~4/19	Secondhand Shoe Donation	3,000	The Garden of Hope Foundation – New Taipei Branch	Taipei Office	15 people	15 participants donated 3 children's, 6 men's, and 12 women's pairs (2 boxes, 21 pairs total).
2024/3/4~3/8	Secondhand Clothing Donation	23,650	Eden Social Welfare Foundation	Taipei Office	17 people	17 participants donated 25 children's items, 50 men's items, 169 women's items, and 10 scarves/hats (8 boxes, 254 items).

Climate-Related Information of TWSE/TPEX Listed Company

1. Implementation of Climate-Related Information

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

			R4 The cost of low-carbon technology transition	To improve energy efficiency and adopt green design, increase capital expenditure and operating costs	middle	middle	middle
		market	R5 raw material prices rise	Rising raw material prices increase operating costs.	middle	middle	middle
			R6 electricity costs rise	Due to changes in Taiwan's power generation structure, electricity bills will rise.	Low	middle	middle
		reputation	R7 Concern and negative feedback from stakeholders	If we fail to take active sustainable actions, we may lose the favor of investors and customers.	Low	Low	Low
	entity	immediacy	R8The severity of extreme weather events such as R8 typhoons, floods, and droughts has increased	The frequency and severity of heavy rains and floods have increased, resulting in inoperability of factory equipment and interruption of services.	Low	Low	Low
	risk	long term	R9 Changes in rainfall (water) patterns and extreme changes in climate patterns	Facing operational pressure and impact due to scarcity of water resources	Low	Low	Low
			R10 average temperature rises	Rising temperatures lead to increased power consumption in factories, increasing operating costs	Low	Low	Low
	Risks and Opportunities	factor	climate change fan meeting topics	potential financial impact	risk level		
					short term	medium term	Long term
Chance	resource efficiency	O1 uses process equipment with higher power usage efficiency	Increases capital expenditures but reduces process equipment power costs	middle	middle	middle	

3. Describe the financial impact of extreme weather events and transformative actions.			O2 reduces process water consumption and water consumption	Optimize process water usage system but increase operating costs	Low	Low	Low
	Chance	energy source	O3 builds solar panels	Install additional solar panels to increase energy sources	Low	middle	middle
	Chance	product service	O4 develops or increases low-carbon goods and services	Increase revenue through demand for low-carbon products and services	middle	middle	middle
	Chance	market	O5 enters new market	Enter new and emerging markets and increase revenue	middle	middle	middle
	Chance	toughness	O6 Energy Alternative/Diversification	Finding alternative energy sources to increase company resilience	middle	middle	middle
3. The summary of the assessment of the impact of extreme weather events and transition actions on the company's finances is as follows:							
	Risks and Opportunities	factor	Climate change risk issues	potential financial impact	risk level		
					short term	medium term	Long term
	Transition risk	Policies and regulations	R1 increases greenhouse gas emissions pricing	Increase in operating costs due to carbon price	middle	middle	middle
			R2 raises electricity prices	Raising electricity prices increases operating costs	middle	middle	middle
		technology	R3 process uses low-carbon and energy-saving equipment	In order to improve energy efficiency and replace low-energy-consuming process equipment in advance, increase capital expenditures	Low	Low	middle
			R4 The cost of low-carbon technology transition	To improve energy efficiency and adopt green design, increase capital expenditure and operating costs	middle	middle	middle
		market	R5 raw material prices rise	Rising raw material prices increase operating costs.	middle	middle	middle

4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.			R6 electricity costs rise	Due to changes in Taiwan's power generation structure, electricity bills will rise.	Low	middle	middle
		reputation	R7 Concern and negative feedback from stakeholders	If we fail to take active sustainable actions, we may lose the favor of investors and customers.	Low	Low	Low
	physical risk	immediacy	R8The severity of extreme weather events such as R8 typhoons, floods, and droughts has increased	The frequency and severity of heavy rains and floods have increased, resulting in inoperability of factory equipment and interruption of services.	Low	Low	Low
		long term	R9 Changes in rainfall (water) patterns and extreme changes in climate patterns	Facing operational pressure and impact due to scarcity of water resources	Low	Low	Low
			R10 average temperature rises	Rising temperatures lead to increased power consumption in factories, increasing operating costs	Low	Low	Low
	4. Overall, there are no significant risk items identified in the risk assessment results. Based on risk reduction considerations, Cameo Communications, Inc. has chosen to undertake relevant improvement operations for projects with relatively higher occurrence and impact levels.						
	I Market Risk - One moderate risk identified is the increase in raw material prices: Cameo Communications, Inc. will mitigate this risk by establishing cooperative relationships with multiple suppliers to reduce reliance on a single supplier. This includes building long-term trust and cooperation to gain supplier support and preferential treatment. Additionally, closely monitoring market and industry changes, including trends in raw material prices and supply conditions, will help anticipate potential issues. When necessary, long-term supply contracts will be signed with suppliers to ensure stable supply and prices.						

II Resource Efficiency - One moderate opportunity identified is the use of process equipment with higher energy efficiency: In future equipment upgrades, priority will be given to purchasing water-saving and energy-saving equipment.						
III Energy Source - One moderate opportunity identified is the installation of solar panels: Solar panels have already been installed in the Tainan factory and will be continuously evaluated for expansion in the future.						
IV Resilience - One moderate opportunity identified is energy substitution/diversification: Immediate attention will be given to renewable energy projects, monitoring legislative developments and the development of renewable energy, assessing the						

<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p> <p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p> <p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates</p>	<p>company's compliance with regulations, and devising measures to meet regulatory compliance and promote the use of renewable energy. Compliance with relevant environmental and energy regulations will further reduce environmental impact through energy-saving, water-saving, and waste reduction measures.</p> <p>5. In response to the impact of climate-related risks and opportunities on the Company's strategy and financial planning, Cameo Communications Inc. has adopted climate-related scenario analysis in reference to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, utilizing both quantitative and qualitative approaches to formulate appropriate strategies. The Company discussed the 1.5°C scenario (1.5DS) during meetings of the Sustainability Promotion Committee and concurrently employed tools provided by the Taiwan Climate Change Projection and Information Platform (TCCIP) to assess physical risk scenarios associated with climate change. After comprehensive evaluation, the Company selected the 1.5DS / RCP2.6 scenario as the basis for assessing its climate change physical risks. In accordance with the ISO 31000 Risk Management Guidelines, risks and opportunities were further evaluated and described based on the magnitude of impact and likelihood of occurrence, covering both transition risks and physical risks identified under the selected scenario. Ultimately, the Company identified climate-related risks and opportunities relevant to its operational scope. Drawing reference from TCFD disclosures within the telecommunications industry, and considering a decade-long horizon for sustainable business development, the Company defines the short term as 1–3 years, the medium term as 3–5 years, and the long term as 6–10 years. Please refer to Item 2 for major financial impacts. Overall, there are no significant risk items identified in the risk assessment results. Based on risk reduction considerations, Cameo Communications, Inc., has chosen to undertake relevant improvement operations for projects with relatively higher occurrence and impact levels.</p> <p>6. Based on the indicators formulated by TCFD for climate risks and opportunities, Cameo Communications, Inc., has further set the following targets: (1) Quantitative target for energy conservation and carbon reduction: Using 2022 as the base year, reduce carbon intensity by 1% annually. (2) Quantitative target for water conservation: Using 2020 as the base year, decrease water consumption rate by 1% annually. (3) Achieve net-zero carbon emissions by 2050.</p> <p>7. Currently, there are no specific plans regarding the company's industry position and overall requirements.</p> <p>8. According to the indicators formulated by TCFD for climate risks and opportunities, Cameo Communications, Inc., has further set the following targets: (1) Quantitative target for energy conservation and carbon reduction: Using 2022 as the base year, reduce carbon intensity by 1% annually. (2) Quantitative target for water conservation: Using 2020 as the base year, decrease water consumption rate by 1% annually. (3) Achieve net-zero carbon emissions by 2050.</p>
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<p>(RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p> <p>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).</p>	<p>Considering the company's industry positioning and overall requirements, there are currently no plans to use carbon offsetting or Renewable Energy Certificates (RECs) to achieve the related goals.</p> <p>9. Refer to sections 1-1 and 1-2 for details.</p>
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1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

1. Greenhouse Gas Inventory Information Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

2024年						2023年					
Index		Data	Boundaries	Assurance institution	Standards	Index		Data	Boundaries	Assurance institution	Standards
Greenhouse gas emissions	scope 1: (metric tons CO2e)	132.9276	parent Company	Industrial Technology Research Institute	ISO 14064	Greenhouse gas emissions	scope 1: (metric tons CO2e)	134.7923	parent Company	Industrial Technology Research Institute	ISO 14064
	scope 2: (metric tons CO2e)	3428.7687	parent Company	Industrial Technology Research Institute	ISO 14064		scope 2: (metric tons CO2e)	3,678.9705	parent Company	Industrial Technology Research Institute	ISO 14064
	scope 3: (metric tons CO2e)	675.3425	parent Company	Industrial Technology Research Institute	ISO 14064		scope 3: (metric tons CO2e)	723.1592	parent Company	Industrial Technology Research Institute	ISO 14064
	revenue intensity (metric tons CO2e/NT\$ million)	3.5786	scope 1+ scope2 scope3		revenue intensity (metric tons CO2e/NT\$ million)		1.7866	scope 1+ scope2 scope3			

Note 1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT\$ 1 million) shall be disclosed.

1-1-2 Greenhouse Gas Assurance Information

<u>Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.</u>	
Scope of Assurance	<p>All emission sources within the organizational boundaries of CAMEO COMMUNICATIONS,INC</p> <p>CAMEO COMMUNICATIONS,INC (Taipei) : 4th floor of No. 160 Ruihu Street, Neihu District, Taipei City, and 5-6 floors of No. 158 and 160.</p> <p>CAMEO COMMUNICATIONS,INC (Tainan): No. 168 Science Fifth Road, Annan District, Tainan City.</p>
Assurance Unit	<ul style="list-style-type: none"> Industrial Technology Research Institute Measurement Technology Development Center (2023) Industrial Technology Research Institute Measurement Technology Development Center (2024) <p>Assurance institutions announced by the Corporate Governance Center of the Taiwan Stock Exchange and the Environmental Protection Agency website.</p>
Principle of Assurance	Mainly follows ISO 14064-1:2018 and ISO 14064-3:2019 standards for assurance, with only partial reference to the Environmental Protection Administration guidelines, but the intended use does not include these guidelines.
Verification Conclusion	<p>AA1000 Type 1 Moderate Level 2023</p> <p>AA1000 Type 1 Moderate Level 2024</p>

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

Items	Implantation status (Note1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
I. Formulating ethical corporate management policies and programs				
(I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the board of directors and senior management to rigorous and thorough implementation of such policies?	V		(I)The company established the "Ethical Corporate Management Principle" and "Code of Corporate Ethics" at the "Important Rules of Corporate Governance" area of the public website.	No material deviations
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	V		(II)The company's standard "Labor Contract" and its annex "Integrity and Confidentiality Promise Letters" stipulates the obligations and ethics related to integrity, and confidentiality in addition, The company formulates "employee work rules" and set up complaints mailbox receiving employee 's opinion. (1) E-mail : comment@cameo.com.tw (2) Mailing address : No.168, Keji 5th Rd., Annan Dist., Tainan City , Taiwan (R.O.C.)	No material deviations
(III) Has the Company specified in its prevention programs the operating procedures, guidelines,punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	V		(III)Standard "Labor Contract" Article 11: Intellectual Property Rights, Article 12: Confidentiality Obligation, Article 13: Non-competition, and its annex "Integrity and Confidentiality Promise Letters", are preventive measures for business activities with high risk of dishonesty.	No material deviations
II. Implementing ethical corporate management				
(I) Has the Company evaluated ethical records of its counterparty? Does the contract signed by the Company and its trading counterparty clearly provide terms on ethical conduct?	V		(I) Suppliers sign purchase contracts (including integrity obligations), integrity commitments, and supplier corporate social responsibility codes of conduct commitments.	No material deviations
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of	V		(II) The company has assigned the General Manager's Office as the dedicated unit for ethical corporate management and has established and supervised the	No material deviations

Items	Implantation status (Note1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?			<p>implementation of ethical corporate policies and preventive measures to ensure adherence to the ethical corporate management guidelines. The General Manager has designated the HR department to be responsible for promoting policies and conduct employee training. 2024 Ethical Corporate Management Report was presented to the Board of Directors on February 25, 2025.</p> <p>1. employee training referred to Item (V)</p> <p>2. Declaration and Commitment All 7 board members and 5 senior managers of the company have signed the Integrity Management Policy Declaration in 2024. All 71 new employees have signed labor contracts that include the Code of Ethical Conduct provisions.</p> <p>3. No internal or external whistleblowing incidents were reported in 2024.</p>	
(III) Has the Company establish edpolicies to prevent conflicts of interest, provided an appropriate channel for reporting such conflicts and implemented them?	V		(III) The company has formulated the"Code of Corporate Ethics"、『Labor Contract』 and its annex "Integrity and Confidentiality Promise Letters" to prevent conflicts of Interest, and provide appropriate statement channels through e-mail and telephone lines.	No material deviations
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	V		(IV) In order to implement integrity management, the company has established internal control systems, accounting systems and other internal regulations, and has taken into consideration the "Code of Integrity Management of Listed OTC Companies" as the basis for implementing ethical corporate management. In addition, the audit office will conduct irregular inspections and report to the board of	No material deviations

Items	Implantation status (Note1)			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary	
(V) Does the Company regularly hold internal and external training related to ethical corporate management?	V		<p>directors to prevent violations of ethics.</p> <p>(V) In 2024, 71 new employees completed ethical corporate management education training, totaling 28.4 person-hours. Current staff participated in ethical corporate management education and training, totaling 70 and 28 person-hours. The content covered ethics, code of conduct, anti-corruption measures, and confidentiality obligations.</p>	No material deviations
<p>III. Implementation of the Company’s whistleblowing system</p> <p>(I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers?</p>	V		<p>(I) Cameo has established “Implementation Guidelines for the Whistleblowing System ” and set up reporting channels and a dedicated handling unit as listed below. If the whistleblowing case is verified as valid, the company will hold individuals accountable in accordance with employee work rules and legal regulations. Preventive and corrective actions may also be implemented as necessary. In cases that the whistleblower has made a significant contribution to the company or brought economic benefits, appropriate rewards may be granted to the whistleblower following an evaluation process.</p> <p>1 、Reporting method</p> <p>(1) E-mail : comment@cameo.com.tw</p> <p>(2) Mailing address : No.168, Keji 5th Rd., Annan Dist., Tainan City , Taiwan (R.O.C.)</p> <p>2 、Handling unit: The HR department is responsible for case acceptance and handling.</p>	No material deviations

Items	Implantation status (Note1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	V		(II) The scope and applicable targets of the Implementation Guidelines for the Whistleblowing System, in the event of unlawful activities, will follow the established procedures and principles. The whistleblower is required to complete a "Whistleblowing Incident Record Form" and submit it via the designated reporting channels. Cases accepted and filed after verification by the handling unit. For verified cases, the relevant departments may be contacted to cooperate with investigations or provide supporting evidence. The investigating unit shall complete within 30 days (it may be extended to 60 days if necessary) and produce a "Whistleblowing Investigation Report". When the case is concluded, the whistleblower will be formally notified via a "Whistleblowing Incident Response Form". However, if the whistleblower disagrees with the result, they may submit new evidence and fill out the "Whistleblowing Incident Record Form " within 10 days from the date of receiving the response. May only apply for reconsideration once. The identity of the whistleblower and the details of the report will be kept confidential during the investigation process. Relevant documents will be retained for at least five years, with the option of electronic storage. Before the retention period expires, if the whistleblowing incident involves litigation, the relevant documents must be kept at least until the end of the litigation.	No material deviations
(III) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?	V		(III) In order to protect the rights and interests of whistleblowers, it is clearly stated in the " Implementation Guidelines for the Whistleblowing System " that the company will not take inappropriate actions or impose unfavorable	No material deviations

Items	Implantation status (Note1)			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary	
			treatment on whistleblowers due to their reports. During the investigation process, information sufficient to identify individuals involved in the case shall not be disclosed unless voluntarily made public by the whistleblower or required by law to be disclosed.	
IV. Enhancing information disclosure (I) Has the Company disclosed the contents of its best practices for ethical corporate management and the effectiveness of relevant activities upon its official website or Market Observation Post System?	V		The company has disclosed “Ethical Corporate Management Principle” and “Code of Corporate Ethics” relevant to integrity management under “Important Rules of Corporate Governance” area on the website. (https://www.cameo.com.tw/home/company/esg_main/esg_integrity_management/)	No material deviations
V.If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies; please describe any discrepancy between the policies and their implementation: No difference.				
VI. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies). None.				

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

(VII) Other important information to enhance the understanding of the implementation of corporate governance at the Company : None

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

1. Statement on Internal Control System

Cameo Communications Inc.

Statement on Internal Control System Date : February 25,2025

According to the results of the Company's self-assessment, the Company's statement pertaining to the internal control system in 2024 is as follows:

- I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managerial officers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.
- III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.
- IV. The Company has already adopted the aforementioned Regulations to evaluate the effectiveness of its internal control system design and operating effectiveness.
- V. Based on the aforementioned audit findings, the Company holds that as of December 31, 2024., its internal control procedures (including the procedures to monitor subsidiaries), effectiveness and efficiency of operations, reliability, timeliness, transparency of reporting, and compliance with relevant legal regulations, and design and enforcement of internal controls, are effective. The aforementioned goals can be achieved with reasonable assurance.
- VI. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the contents above will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement has been passed at the Board of Directors meeting on February 25, 2025, with none of the seven attending Directors expressing objections; all Directors affirmed the content of this Statement.

Cameo Communications Inc.

Chairman : Jeff Wu

General Manager : Allen Cheng

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

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

Date	Type of meeting	Major resolutions
2024.2.26	Board of Directors	<ol style="list-style-type: none"> 1. Approval of 2023 business report and consolidated financial statement. (inclusive parent company only financial statement) 2. Approval of the 2023 Deficit Compensation Proposal 3. Approval 2023 Internal Control System Statement 4. Approval of the 2024 business plan 5. Approved matters related to the convening of the 2024 General Shareholders Meeting 6. Approved the period and location where the company's regular shareholders meeting of 2024 accepted proposals. 7. 2024 annual accountant independence and competency assessment 8. Approved to change Certificated Public Accountant due to the internal reorganization of the CPA firm 9. Approval of 2024 CPA's fees 10. Approved to amendment of Internal Control System-Other Management procedures 11. Approved to amendment of Regulations Governing Procedure for Board of Directors Meetings 12. Proposal for application for 2024 financial credit line 13. Approved to dispose of the right to use assets from related parties 15. Approval of the 2024 manager's Remuneration
2024.5.7	Board of Directors	<ol style="list-style-type: none"> 1. Approval of 2024Q1 consolidated financial statement 2. Approved renewal liability insurance for directors and managers 3. Proposal for application for 2024 financial credit line
2024.5.27	Shareholders' Meeting	<ol style="list-style-type: none"> 1. To adopt 2023 business report and financial statements 2. To adopt 2023 Deficit Compensation Proposal 3. To revise the Articles of Incorporation 4. To release the director from non-competition restrictions
	Implantation status	<p>All resolutions were passed.</p> <p>Item 3: Registration has been completed and disclosed on the MOPs and company website</p> <p>Item 1.2.4: Resolution was passed and disclosed on the MOPs and company website.</p>
2024.8.6	Board of Directors	<ol style="list-style-type: none"> 1. Approval of 2024Q2 consolidated financial statement 2. To change stock transfer agent 3. Proposal for application for 2024 financial credit line 4. Approved to amendment of Internal Control System Statement- Labor and wage cycle 5. To approve 2024 ESG Report 6. To approve the 2024 manager's Remuneration
2024.11.12	Board of Directors	<ol style="list-style-type: none"> 1. Approval of 2024 Q3 consolidated financial statement 2. Approval of 2024 audit plan 3. Approved to amendment of Internal Control System - Sale and receipt cycle 4. Approved to amendment of Internal Control System – Other Management procedures 5. Approved to stipulate Greenhouse gas inventory management operating procedures 6. Proposal for application for 2024 financial credit line 7. Approved to draft a general principle policy for pre-approved non-assurance services. 8. Approved to amendment of audit committee charter
2025.2.25	Board of Directors	<ol style="list-style-type: none"> 1. Approval of 2024 business report and consolidated financial statement. (inclusive parent company only financial statement) 2. Approval of the 2024 Deficit Compensation Proposal

		3. Approval 2024 Internal Control System Statement 4. Approval of the 2025 business plan 5. Approved matters related to the convening of the 2025 General Shareholders Meeting 6. Approved the period and location where the company's regular shareholders meeting of 2025 accepted proposals. 7. 2025 annual accountant independence and competency assessment 8. Approval of 2025 CPA's fees 9. Approval to amendment Corporate Governance Best Practice Principles 10. Approved to amendment of Procedure for Shareholders Meetings 11. Approved to amendment of Ethical Corporate Management Best Practice Principles 12. Approved to amendment of Articles of Incorporation 13. Proposal for application for 2025 financial credit line 14. Approved to retroactively recognize the acquisition of right-of-use assets from related parties 15. Approval the 2024 manager's Remuneration
2025.4.8	Board of Directors	1. Approved the change of the Company business address
2025.5.6	Board of Directors	1. Approval of 2025 Q1 consolidated financial statement 2. Approved renewal liability insurance for directors and managers 3. Proposal for application for 2025 financial credit line 4. To revise the Articles of Incorporation of Qianjin Investment Co., Ltd.

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

IV. Certified Public Accountant Professional Fees

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

Certified Public Accountant Professional Fees				Unit: NT\$ thousands			
Name of accounting firm	Name of CPA		Audit period	Audit fee	Non-Audit fee	Total	Remark
KPMG	Serena Hsin	Yvette Chien	2024/1/1~2024/12/31	2,470	150	2,620	Note1

Note1: The report of transfer price is 150 thousands.

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

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

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

V. Replacement of CPAs: None

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

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

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

Unit: shares

Title	Name	2024		Up tp March 29,2025	
		Change in Quantity of Shareholding	Change in Quantity of Pledged Shares	Change in Quantity of Shareholding	Change in Quantity of Pledged Shares
Chairman	Taiwan Network Group United Co., Ltd Representative Director	-	-	-	-
Taiwan Network Group United Co., Ltd Representative Director	Jeff Wu	-	-	-	-
Taiwan Network Group United Co., Ltd Representative Director	Joanne Chen	-	-	-	-
Director	D-Link Coporation	-	-	-	-
D-Link Coporation Representative Director	Victor Kuo	-	-	-	-
D-Link Coporation Representative Director	CJ Chang	-	-	-	-
Independent Director	Zheng ting Chen	-	-	-	-
Independent Director	Ming Jyi Jang	-	-	-	-
Independent Director	Zhen Yu Li	-	-	-	-
President	Allen Cheng	-	-	-	-
Assistant Vice President	Albert Kao	-	-	-	-
Assistant Vice President	Sming Wang	-	-	-	-
Assistant Vice President	Ray Tseng	-	-	-	-
Accounting Supervisor	Jessica Su	-	-	-	-

(2)Stock transfer with related party: : None

(3)Stock Pledged with related party: None

VIII. Relationship among the Top 10 Shareholders

March 29, 2025

Name	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	
D-Link Corporation	137,532,993	41.58	-	-	-	-	Joseph Wang	legal representative director of D-Link Corporation	
Representative: Victor Kuo	-	-	-	-	-	-	-	-	
CHEN BO SHENG	2,393,000	0.72	-	-	-	-	-	-	
YU WEN RONG	2,388,000	0.72	-	-	-	-	-	-	
LIAU SHU YI	2,171,752	0.66	-	-	-	-	-	-	
Ho Yang Investment Corp.	1,820,000	0.55	-	-	-	-	-	-	
Representative: Joseph Wang	-	-	-	-	-	-	D-Link Corporation	legal representative director of D-Link Corporation	
YU LIANG YU CHEN	1,588,000	0.48	-	-	-	-	-	-	
Xinmao International Co., Ltd.	1,546,000	0.47	-	-	-	-	-	-	
Representative: JIN JIH MING	-	-	-	-	-	-	-	-	
LI YUNG CHING	1,500,695	0.45	-	-	-	-	-	-	
YAO YU CAI	1,500,470	0.45	-	-	-	-	-	-	
Citi Custody DFA Emerging Markets Core Securities Investment Account	1,466,435	0.44	-	-	-	-	-	-	

IX. Ownership of Shares in Affiliated Enterprises

Unit: shares/ % ; December 31, 2024

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

Chapter 4 Capital and Shares

I.Capital and Shares

(I) Source of shares

Unit: Thousand shares; NT\$ Thousand;

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

Oct.2020	10	400,000	4,000,000	229,679	2,296,792	Reduction for offset losses 385,564		Note 21
Mar.2021	8.19	400,000	4,000,000	330,779	3,307,792	Issued private placement of common stock \$828,009		Note 22

Note 1: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (80) 00091.

Note 2: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (80) 14862.

Note 3: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (82) 00375.

Note 4: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (83) 05303.

Note 5: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (85) 17144.

Note 6: Approved by the Hsinchu Science Park Bureau, Ministry of Science and Technology as per letter with Ref. No. (87) 021224.

Note 7: Approved by the Securities and Exchange Commission, Ministry of Finance as per letter with Ref. No. Taiwan-Finance-Securities (I) 32519 dated April 20, 2000.

Note 8: Approved by the Securities and Exchange Commission, Ministry of Finance as per letter with Ref. No. Taiwan-Finance-Securities (I) 148545 dated July 26, 2001.

Note 9: Approved by the Securities and Exchange Commission, Ministry of Finance as per letter with Ref. No. Taiwan-Finance-Securities (I) 0910138255 dated July 10, 2002.

Note10: Approved by the Securities and Exchange Commission, Ministry of Finance as per letter with Ref. No. Taiwan-Finance-Securities (I) 0920133034 dated July 22, 2003.

Note11: Approved by the Securities and Exchange Commission, Ministry of Finance as per letter with Ref. No. Taiwan-Finance-Securities (I) 0930128417 dated June 28, 2004.

Note12: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate- (I) 0930128417 dated July 7, 2005.

Note13: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate - (I) 0940141675 dated October 3, 2005.

Note14: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate- (I) 0950136282 dated August 16, 2006.

Note15: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate- (I) 0960036107 dated July 12, 2007.

Note16: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate- (I) 0970034418 dated July 9, 2008.

Note17: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate- (I) 0980034033 dated July 8, 2009.

Note18: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate-0990036388 dated July 13, 2010.

Note 19: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate-1000031361 dated July 6, 2011.

Note20: Approved by the Ministry of Economics as per letter with Ref. No. 10401189730.

Note21: Approved by the Financial Supervisory Commission as per letter with Ref. No. Financial Supervisory Securities Corporate-1090370259 dated October 21, 2020.

Note22: Approved by the Ministry of Economics as per letter with Ref. No. 11001034010.

Unit : Shares

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

Note: Issued Shares are listed stocks.

(II) List of Major Shareholders

March 29, 2025

Shares Shareholder's Name	Shareholding	Percentage
D-Link Coporation	137,532,993	41.58%
CHEN BO SHENG	2,393,000	0.72%
YU WEN RONG	2,388,000	0.72%
LIAU SHU YI	2,171,752	0.66%
Ho Yang Investment Corp.	1,820,000	0.55%
YU LIANG YU CHEN	1,588,000	0.48%
Xinmao International Co., Ltd.	1,546,000	0.47%
LI YUNG CHING	1,500,695	0.45%
YAO YU CAI	1,500,470	0.45%
Citi Custody DFA Emerging Markets Core Securities Investment Account	1,466,435	0.44%

(III) Dividend Policy and Implementation Status

1、Dividend Policy：

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

- (1)The withdrawal of 10% is a statutory surplus reserve, but this is not the case when the statutory surplus has reached the amount of capital received by the Company.
- (2)Special surplus accumulations may be included or transferred in accordance with the relevant ordinances and the operation of the company.
- (3)After deducting the previous balances, the board of directors shall propose a distribution motion for the balance and the cumulative unearned surplus, which shall be submitted to the shareholders' meeting for distribution by resolution. The amount of dividends distributed to shareholders shall not be less than 10% of the distributable surplus for the current year. However, the cash dividend shall not be less than 10% of each dividend paid to shareholders.

2、Proposed Distribution of Dividend：

The company 2024 net loss NT\$37,159,937, Undistributed earnings at the beginning of 2024 NT\$24,639,835, Changes in Actuarial profit and loss NT\$3,636,000.Total deficit for the current period NT\$185,559,488. The Company does not distribute dividends of 2024 in the current year.

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

(V) Compensation to employees and directors

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

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

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

2. Accounting procedures for discrepancies between the estimated and actual distributed amount of remuneration in the form of shares to the Company's employees and Directors in this period:
 - (1) Accounting procedures for the estimated amount of remuneration in the form of shares to the Company's employees and Directors: It is estimated based on the company's pre-tax net income for the period before deducting the employees' and directors' remuneration multiplied by the distribution ratio of the company's Articles of Incorporation for employees' remuneration and directors' remuneration, and reported as operating costs or operating expenses for the period.
 - (2) Accounting procedures for discrepancies between the actual amounts distributed and the estimated amount: Listed as profit or loss for the current period.
3. Employee compensation proposal adopted by the Board of Directors
 - (1) Amount of remuneration distributed to employees and Directors in the form of cash or stock:
The Company's Board of Directors resolved not to distribute 2024 employees' remuneration and directors remuneration on February 25, 2025.
 - (2) The amount of any employee remuneration distributed in stocks, and the amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial report: None.
4. If there is any discrepancy between the actual amount of remuneration distributed to employees and Directors (including number and amount of shares distributed, as well as share price) and the recognized amount of remuneration to employees and Directors in the previous fiscal year, the amount, causes, and treatment of such discrepancy shall be stated:

Unit : NT\$

	2023		
	Actual amount	Recognized amount	Diff
Employee compensation (cash)	0	0	-
remuneration to Directors	0	0	-

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

II. Corporate Bonds : None

III. Preferred Shares: None

IV. Overseas Depository Receipts : None

V. Employee Stock Option : None

VI. New Restricted Employee Shares : None

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

VIII. Financing Plans and Implementation : The purpose of issuing private stock is to enrich working capital. As of December 31, 2024, the actual cumulative amount spent was NT\$828,009,000, with a proportion of 100%.

Chapter 4 Business Overview

I. Business Content :

(1) Business Scope

1. Business Description:

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

2. Product Revenue Proportion :

Unit: NT\$ Thousands

Product Category	2024 Revenue	Proportion
Wired communication products	1,010,250	85.30%
Wireless communication products	134,877	11.39%
Others	39,161	3.31%

3. Current Products(Services) :

Major Product Category	Products
Wired Communication Product (Ethernet Switch & Router)	<ul style="list-style-type: none"> ▶ Enterprise 40G/100G/200G Switch ▶ L2/L3 Management 10G/2.5G/GE Switch ▶ WebSmart/Metro 10G/2.5G/GE Switch ▶ Un-Management 10G/2.5G/GE Switch ▶ PoE/PoE+/PoE++ 10G/2.5G/GE Switch ▶ VPN/ Firewall Router ▶ Cloud Management Service ▶ Enterprise Data Center Switch
Wireless Communication Product (WLAN Access Point & Router)	<ul style="list-style-type: none"> ▶ WiFi 5/WiFi 6 WLAN Access Point/Router ▶ WiFi 5/WiFi 6 WLAN Mesh System ▶ WiFi 6/WiFi 7 WLAN Enterprise Access Point ▶ WiFi 5/WiFi 6 WLAN Outdoor Access Point ▶ WiFi 5/WiFi 6 WLAN VPN/Firewall router
Broadband Product (Router & Modem)	<ul style="list-style-type: none"> ▶ xDSL Wireless Router (xDSL Wireless IAD, w/ VoIP) ▶ Cable Modem (DOCSIS 3.0 Cable Modem/EMTA) ▶ LTE Wireless Router (LTE Wireless IAD, w/ VoIP) ▶ 5G Wireless Router (5G/LTE Wireless IAD, w/ VoLTE)
Others	<ul style="list-style-type: none"> ▶ Optical Fiber Media Converter (Media Converter,100G/40G Media Repeater, Fanout 100G to 4x25G media module) ▶ PLC related products. ▶ MoCA related products. ▶ HPNA related products ▶ GPON related products ▶ G.hn related products

4. New products (services) planned for development

The new products under development planned are listed as following.

- 25G/100G Micro Data Center Switch
- 25G/100G Enterprise Core Switch
- L2/L3 Stackable Management Aggregation Switch
- 2.5G/10G RJ45 POE++ (802.3bt) Switch/10G Fiber Switch
- SDN Switch
- Cloud Management System
 - Cloud Management Software
 - Cloud Enterprise Switch
 - Cloud SDN Gateway
 - Cloud Wireless Access Point
- AI Controller Based Management System
 - AI Network Management Controller
 - AI Controller Based Enterprise Switch
 - AI Controller Based VPN Gateway
 - AI Controller Based Wireless Access Point
- 5G O-RAN Private Network System and Application

(II) Marketing Overview

1. Marketing state and vision:

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

- Local Area Network (LAN)

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

① Ethernet

Ethernet devices mainly include Network Interface Card (NIC) 、Hub 、and Switch. The router is the connection device between local area network (LAN) and the wide

area network (WAN). LAN switch includes “Layer 2 Switch” that forward L2 packets, and “Layer 3 switch” that route Layer 3 IP packets over the Layer 2 switch.

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

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

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

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

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

According to industry analyst reports, the global Ethernet switch market is growing at a CAGR of 5.45% during the study period 2024-2032, which is expected to contribute to the market growth in recent years by implementing smarter and autonomous network management capabilities, driven by emerging trends such as artificial intelligence (AI) and machine learning (ML).

② WiFi

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

According to statistics, since 2018, 802.11ac WiFi 5 has gradually replaced the traditional 802.11a/b/g/n market demand and entered a mature stage; with the gradual development of 5G, the demand for bandwidth by many applications has greatly increased, which turn drives WiFi 6 market demand, according to the research of the Institute of Industrial Intelligence (MIC) of the Information Policy Association, it is expected that in 2021, the penetration rate of WiFi 6 products will exceed 50%, becoming the mainstream of the market. 802.11ax WIFI 6 technology is a substantial upgrade of previous generations of technologies. The key technologies include OFDMA, MU-MIMO, 1024 QAM, BSS coloring, TWT, etc. It can improve the transmission speed and improve the performance of multiple terminal devices using the wireless network at the same time. It can provide a better coordination rule for the intensive use of numbers equipment, which is beneficial to the further development of the IoT industry in the future.

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

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

As various WiFi 7 products began to appear in the market, WiFi 5 products have gradually withdrawn from the market, and WiFi 6 has become the mainstream of the market. It is expected that when the new generation of WiFi 7-enabled mobile phones gradually becomes popular, it will continue to push the era of WiFi 7.

- Wide Area Network (WAN)

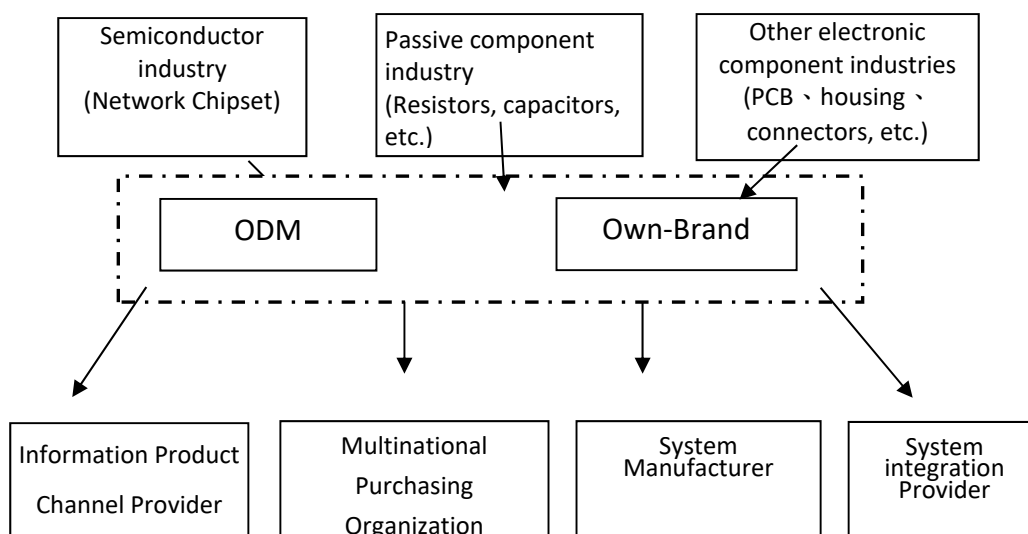
A wide area (broadband) network is a network that connects geographically users to each other through public communication equipment. The current broadband access technologies mainly include DSL 、Cable and FTTH(Fiber to the Home). In the network transmission architecture, there are network applications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

In recent years, users' demand for bandwidth has gradually increased due to the application side, and the access technology of WAN such as FTTx and MDU has gradually developed into the mainstream, and telecommunications companies in various countries have begun to provide bandwidth from Gigabits to 10G.

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

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

Interrelationship among the Upstream/ Midstream /Downstream of LAN industry



3. Trend of product development

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

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

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

broadband network

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

(3) School and businesses networks.

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

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

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

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

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

4. Competitive Situation

From Cameo's products and business model perspective, it has become almost complete. From products perspective, it includes Ethernet SOHO/ SMB/ Enterprise/ Data Center Switch, SOHO/Enterprise WiFi AP/ Router, and Broadband Router. Cameo is one of the few that can provide customers with the service of one Stop Shopping and highly integrated products. From business model perspective, it includes original design manufacturer (ODM), hardware only original design manufacturer (HW ODM), electronics manufacturing services (EMS) and cloud management value-added services for the Cameo's related products. The evolution of network Technology is very fast. Except to double connection speed, brand new

application service also requests networking quality. Providing complete networking product and ensure the features and quality of integration solution, enhance RD energy of software add-on value service can ensure Netcom sustainable business

(III) Technology and Research Overview

1 、 R&D expenditure in the last two years

Unit: NT\$ Thousands

Year	2024	2025Q1
Research and development expenses	220,007	54,760
Net Operating Revenue	1,184,288	418,586
Percentage (%)	18.58%	13.08%

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

Year	Development result
2024	<ul style="list-style-type: none"> ▶ WIFI 6 AX3000 Outdoor EAP ▶ WIFI 6E AX5400 Tri-band EAP ▶ New Generation Metro Ethernet Gigabits Switch ▶ 2.5G POE++ Aggregation Switch ▶ 10G POE++ Smart Switch ▶ 10G L2+ Aggregation Switch

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

1 、 Short-term business development plan

(1) Marketing strategy

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

(2) Production policy

- Optimize and differentiate production lines between low-end and high-end products to improve capacity utilization and reduce costs
- Strengthen inventory management to optimize inventory and reduce the risk of downtime.

(3) Product development

- Expand L2+ Aggregation and L3 Core Switch product line
- Expand WiFi 7 AP/ Router product line

(4) Operating scale

- Cooperate with suppliers with the professional technology to joint develop products for achieving Time-to-Market.
- Through market segmentation to achieve a higher market share in a specific

application market for increasing purchase bargaining power and having more favorable payment time.

(5) Financial management

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

2、Long-term business development plan

(1) Marketing strategy

- Fully acquire professional certifications from various regions to enhance the image of the product quality.
- Actively cultivate professional sales, improve international marketing capabilities, and strive for orders from major international branding customers.

(2) Production policy

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

(3) Product development

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

(4) Operating scale

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

(5) Financial management

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

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

(I) Market Analysis :

1、Sales region and ratio of main products

Unit: NT\$ Thousands

Sales Regions Year		Taiwan	APAC	US	EU	Others
2024	Amount	38,681	629,164	261,999	181,871	72,573
	(%)	3.27%	53.12%	22.12%	15.36%	6.13%

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

The switch market has grown rapidly in recent years, mainly with the increasing demand for cloud computing, big data analysis, Internet of Things, artificial intelligence and other applications, switches have become one of the key equipment for modern infrastructure network construction. Due to the growth of data traffic, which is expected to triple from 2023 to 2029, the equipment in data centers has gradually increased from 100G/200G switches to 400G/800G new generation of high-speed, high-bandwidth, and high-stability switches. It is expected to drive the growth of switches at all levels, and with the wireless network products, WiFi 6 has become the mainstream, WiFi 7 has begun to enter the market, and the access layer switches have begun to have a rapid demand for 2.5G/10G bandwidth specifications.

With the Sino-US trade war and supply chain problems, as more and more manufacturers move factories and expand production capacity, and some of them also return to Taiwan to set up factories, the problem has gradually eased, and the normal supply situation had already return in 2023. However, the accompanying problem is that the inventory level is too high after a large number of deliveries, resulting in a contraction of orders in the second half of 2023. Inventory depletion will not ease until the fourth quarter of 2024, and the expected U.S. tariffs are expected to give Taiwanese-made companies a better competitive niche for their products.

In the past two years, artificial intelligence (AI) and machine learning (ML) have developed rapidly, and in order to build AI infrastructure, not only high-performance computing units (NPUs), storage systems (Storage) that can be accessed and efficiently managed, but more importantly, high-bandwidth networks. Network switch equipment with low-latency communication protocols to ensure efficient data transmission. The development of enterprise-class small data center switches and core network switches, as well as 2.5G/10G network switches, has enabled companies to catch up with the era of AI product supply chains.

Switch revenue accounts for about 80% of the company's overall revenue. Therefore, switch products will be main driving force for company's growth in the future, and with the maturity of 2.5G/10G network technology, it will become major player in new product development and new markets, and source of funding for development.

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

		Market share ratio	
		High	Low
Market growth rate	High	Stars High Ports GE Switch 2.5G Smart Switch WiFi 6/6E EAP/ Router	Opp. 10G Switch 2.5G High Ports Switch L3 Managed Switch Micro Data Center Switch (25G/100G) Cloud Based AI Switch/AP/Gateway WIFI 7 EAP/Router
	Low	Cash Cows 16/24 Ports Dumb GE Switch 8/16/24/48 Ports GE Smart Switch	

3 、 Competitive niche

(1) Professional ODM business

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

(2) A complete wired and wireless product line

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

(3) Excellent R&D team

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

(4) High cooperation with suppliers

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

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

(1) Advantage factors

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

② Broadband is becoming more popular and application requirements are becoming more diversified. The demand of high speed transmission for audio and visual application is gradually increasing. Cameo has invested WiFi7 AP/Router and 2.5GE/10GE switch for a long time.

(2) Disadvantage factors

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

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

(3) Solutions

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

falling prices and inventory increasing for products with legacy specifications.

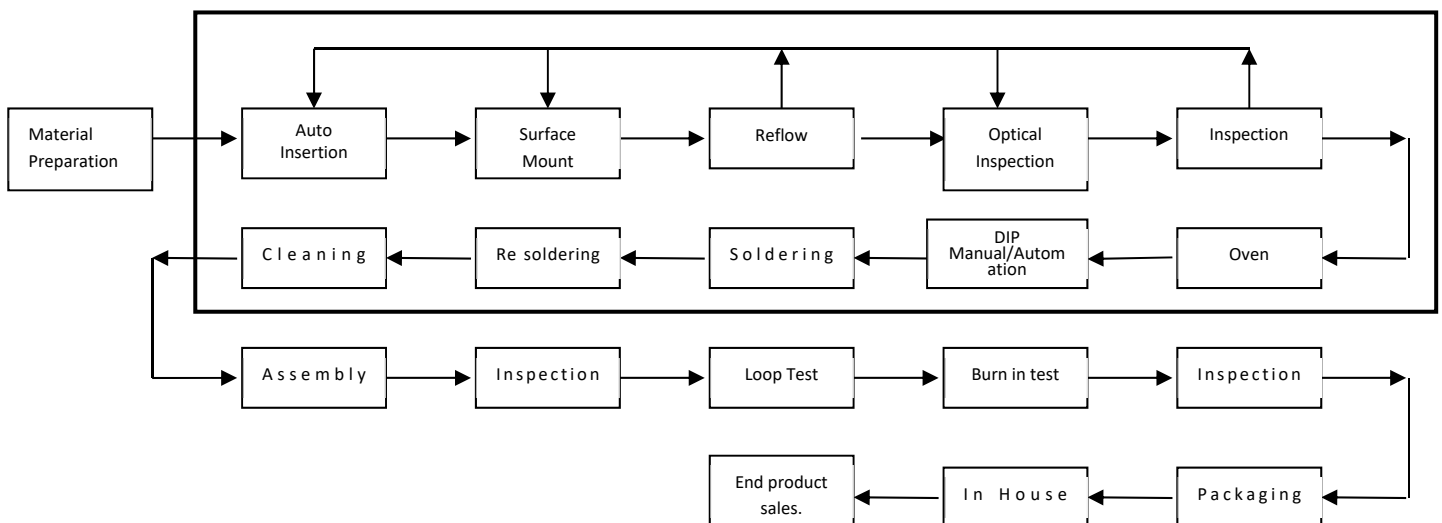
- ② Add additional software functions to products and keep close to new technologies and needs of the market. Establish a good working environment and welfare encourage innovation and attract young student's interest in research and develop

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

1 、Key applications of the main products :

Main Product Category	Application
Switch & Router	<ul style="list-style-type: none"> ▶ The main transmission equipment for data exchange ▶ Broadband network equipment that provides computer and Internet connection
WLAN Access Point & Router	<ul style="list-style-type: none"> ▶ Through wireless transmission technology to form wireless local area network (WLAN) transmission equipment.
Others	<ul style="list-style-type: none"> ▶ Various wired and wireless technology transmission interface conversion ▶ Cloud Network Management Service

2 、Production process of main products



(III) Supply of primary raw materials :

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

(IV) Information on major suppliers and clients :

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

Unit: NT\$ Thousands

Item	2023				2024				Up to 2025.3.31			
	Name	Amount	%	Relation to Cameo	Name	Amount	%	Relation to Cameo	Name	Amount	%	Relation to Cameo
1	D-Link	1,450,449	48	Affiliated companies of the Company	D-Link	741,292	63	Affiliated companies of the Company	D-Link	344,280	82	Affiliated companies of the Company
2	AL	344,681	16	-	AT	161,791	14	-				-
3	AV	281,767	14	-	AL	141,069	12	-				-
	AT	249,307	10					-				
	Others	213,150	12		Others	140,136	11		Others	74,306	18	
	Net Sales	2,539,354	100		Net Sales	1,184,288	100		Net Sales	418,586	100	

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

2、Major purchasers in the last two years

Unit: NT\$ Thousands

Item	2023				2024				Up to 2025.3.31			
	Name	Amount	%	Relation to Cameo	Name	Amount	%	Relation to Cameo	Name	Amount	%	Relation to Cameo
1	MS015	202,296	15	-	WE001	96,917	12	-	FV002	56,154	17	-
	FV002	142,617	10		FV002	96,815	12		WE001	41,767	13	-
	Other	1,012,771	75		Other	630,485	76		Others	235,619	70	
	Net Purchase	1,357,684	100		Net Purchase	824,217	100		Net Purchase	333,540	100	

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

III.Human Resource

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

Year		2023	2024	Up to 2025.3.31
Number of employees	Direct Labor	198	188	189
	Indirect Labor	236	231	233
	Total	434	419	422
Average age		39.81	40.24	40.54
Average year of service (years)		6.0	6.0	6.0
Education distribution ratio (%)	Ph.D.	0.46%	0.95%	0.71%
	Master	9.45%	11.7%	13.27%
	Bachelor	61.52%	59.9%	59%
	High school	26.96%	25.54%	25.12%
	Below high school	1.61%	1.91%	1.90%

IV.Environmental Protection Expenditures

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

V. Labor Relations Management

(I)Welfare Measures for Employees

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

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

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

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

3. Colleagues will be insured for group insurance upon arrival, and family members will be allowed to add insurance at their own expense.

4. Conduct regular health checkups and arrange for physicians to provide staff consultation on the results of the health checkup.

5. Set up a nursing room for employees to use.

6. The company appoints visually impaired masseurs as regular employees and provides staff massage services, take care of disabled employee and fulfill corporate social responsibilities.

(II) Further studies and Training for Employees

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

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

promotion, rotation and change.

(III) Retirement system and its implementation

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

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

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

1. Retirement application:

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

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

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

2. Mandatory retirement:

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

3. Preferential retirement:

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

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

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

(V) In the most recent year and as of the publication date of the annual report, the losses suffered due to labor disputes, and the estimated amount and corresponding measures that may occur at present and in the future are disclosed: None.

VI. Cyber security management:

1. Information Security risk

(1) Information Security Policy:

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

(2) The Scope of Information Security Promotion:

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

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

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

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

2. List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: None.

VII. Important Contracts: None.

Chapter 5 Financial Status, Operation Results and Risk Management

I. Financial Position- Comparison Analysis

Unit: NT\$ Thousands

Item	Year		Difference	
	2024	2023	Amount	%
Current assets	2,205,902	2,526,536	(320,634)	(12.69)%
Property, plant, and equipment	1,303,047	1,359,524	(56,477)	(4.15)%
Intangible assets	19,591	10,436	9,155	87.73%
Other assets	602,312	362,620	239,692	66.10%
Total asset value	4,130,852	4,259,116	(128,264)	(3.01)%
Current liabilities	639,727	515,065	124,662	24.20%
Non-current liabilities	457,365	593,337	(135,972)	(22.92)%
Other liabilities	-	-	-	-
Total liabilities	1,097,092	1,108,402	(11,310)	(1.02)%
Share capital	3,307,792	3,307,792	-	-
Capital surplus	-	-	-	-
Retained earnings	(185,560)	(24,640)	(160,920)	(653.08)%
Equity-Other	(88,472)	(132,438)	43,966	33.20%
Total equity	3,033,760	3,150,714	(116,954)	(3.71)%

Analysis of changes in increase/decrease ratio exceeding 20% and amount of over NT\$10 million:

- (I) Increase in Other assets : It was mainly due to increase in financial assets.
- (II) Increase in Current liabilities : It was mainly due to increase in trade payables and other payables.
- (III) Decrease in Non-current liabilities : It was mainly due to decrease in long-term borrowings.
- (IV) Decrease in Retained earnings : It was mainly due to increase in loss.
- (V) Increase in Other equity interest : It was mainly due to increase in other comprehensive income.

II. Financial Performance

(I) Financial performance comparison/analysis table

Unit: NT\$ Thousands

Year Item	2024	2023	Increase /Decrease	Change ratio (%)
Net operating revenue	1,184,288	2,539,354	(1,355,066)	(53.36)%
Operating costs	1,165,152	2,366,447	(1,201,295)	(50.76)%
Gross profit	19,136	172,907	(153,771)	(88.93)%
Operating expenses	347,908	362,334	(14,426)	(3.98)%
Net operating income (loss)	(328,772)	(189,427)	(139,345)	(73.56)%
Non-operating income and expenses	164,287	170,936	(6,649)	(3.89)%
Net profit before tax (loss) from continuing operations	(164,485)	(18,491)	(145,994)	(789.54)%
Income tax expenses	71	18,669	(18,958)	(99.61)%
Net income (loss) in this period	(164,556)	(37,160)	(127,396)	(342.83)%
(I) Analysis of changes in increase/decrease ratio exceeding 20% and amount of over NT\$10 million:				
1. It was mainly due to decrease in operating revenue because customers adjusted orders.				
2. Decrease in Net profit before tax (loss) from continuing operations and net income (loss) in this period : It was mainly due to decrease in operating revenues.				
3. Decrease in Income tax expenses : It was mainly due to increase in loss ,and the subsidiary did not additional income tax expenses for the fiscal year 2024.				

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

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

III. Cash Flow

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

Year Item	2024	2023	Increase (decrease) ratio %
Cash flow ratio (%)	(20.77)	99.31	(120.91)%
Cash flow adequacy ratio (%)	(85.56)	(65.62)	(30.39)%
Cash re-investment ratio (%)	(3.67)	12.13	(130.26)%

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

1. Cash flow ratio : It was mainly due to increase in net cash flows used in operating activities and increase in current liabilities.
2. Cash flow adequacy ratio : It was mainly due to increase in net cash flows used in operating activities ,and decrease in capital expenditure and inventories during 2020 to 2024.
3. Cash re-investment ratio : It was mainly due to increase in net cash flows from operating activities, and decrease in other assets and working Capital.

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

Unit: NT\$ Thousands

Beginning Cash Balance	Cash flow from operating activities all year	Cash flow from Investing/ Financing activities all year	Cash surplus (Insufficient) amount	Measures for insufficient cash	
				Investing plan	Financing plan
871,191	299,314	207,737	1,378,242	-	-
<p>(1) Analysis of for the coming year</p> <p>operating activities : Net cash flows from operating activities was 299,314 thousand mainly due to the increase in trade receivables and trade payables and inventories.</p> <p>Investing activities : Net cash flows from investing activities was 255,737 thousand due to acquisition of equipment and and other financial assets.</p> <p>Financing activities : Net cash flows used in financing activities was (48,000) thousand due to repayments of long-term repayment and cash dividends paid.</p> <p>(2) Improvement plan for insufficient liquidity and Cash liquidity analysis : None.</p>					

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

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

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

(II) Expected benefits

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

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

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

(II)Analysis of profit by investment : The Company recognized Loss on investments in the amount of NT\$30,734 thousands for the year 2024. The main reason for the Loss is reconized investment Loss for GNT and dividend revenue for Qianjin.

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

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

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

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

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

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

Rate- Generally speaking, changes in interest rates affect the cost of capital obtained by business owners. The ratio of interest revenue and interest expense to net operating income of the company in the year of 2024 was 2.61% and 1.13%; The ratio of interest revenue and interest expense to net operating income of the company in the year of 2023 was 0.99% and 0.63%;The ratio is not high. According to the past ratio of interest revenue/ expense to net operating income, the overall impact of interest rate changes on the company's profit and loss is still limited.

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

exchange rate- The company export sales accounted for 96.73% of its net operating revenue in 2024. The rise and fall of the US dollar exchange rate will have an impact on the company's finances owing to most of the export goods are reported in US dollars price. The company has always adopted a financial policy that strictly controls the level of foreign currency.

The ratio of net exchange gain to net operating revenue in 2024 was 1.85%. The ratio of net exchange gain to net operating revenue in 2023 was 0.41%.

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

Inflation - According to statistics from Directorate-General of Budget Accounting and Statistics Executive Yuan, the annual increase rate of consumer prices (CPI) was 2.18% in 2024. The company will continue to work on cost reduction and pay attention to changes in the relevant economic environment and market to avoid adverse effects.

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

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

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

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

New products (services) planned for development

- 25G/100G Micro Data Center Switch
- 25G/100G Enterprise Core Switch
- L2/L3 Stackable Management Aggregation Switch

- 2.5G/10G RJ45 POE++ (802.3bt) Switch/10G Fiber Switch
- SDN Switch
- Cloud Management System
- Cloud Management Software
- Cloud Enterprise Switch
- Cloud SDN Gateway
- Cloud Wireless Access Point
- AI Controller Based Management System
- AI Network Management Controller
- AI Controller Based Enterprise Switch
- AI Controller Based VPN Gateway
- AI Controller Based Wireless Access Point
- 5G O-RAN Private Network System and Application
- The estimated R&D expenditure for 2025 is NT\$ 26 million.

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

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

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

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

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

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

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

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

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

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

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

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

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

1、Purchase Risks

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

2、Sales Risks

Except for D-Link Group, the sales proportions of the remaining major customers of the company in 2024 and 2023 were 14% and 14% respectively. The proportion of sales to D-Link in 2024 and 2023 was 63% and 57% respectively. The sales clients have been scattered in Asia, America and Europe, there should be no risk of excessive concentration.

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

The company's 2023 shareholders' meeting was elected for the 12th term of directors, but the result did not have great influence on business operation. There was no major exchange or transfer of shares by Directors or major shareholders with over 10% of shareholdings in 2024.

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

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

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

(XIII) Other material risks and response measures: None

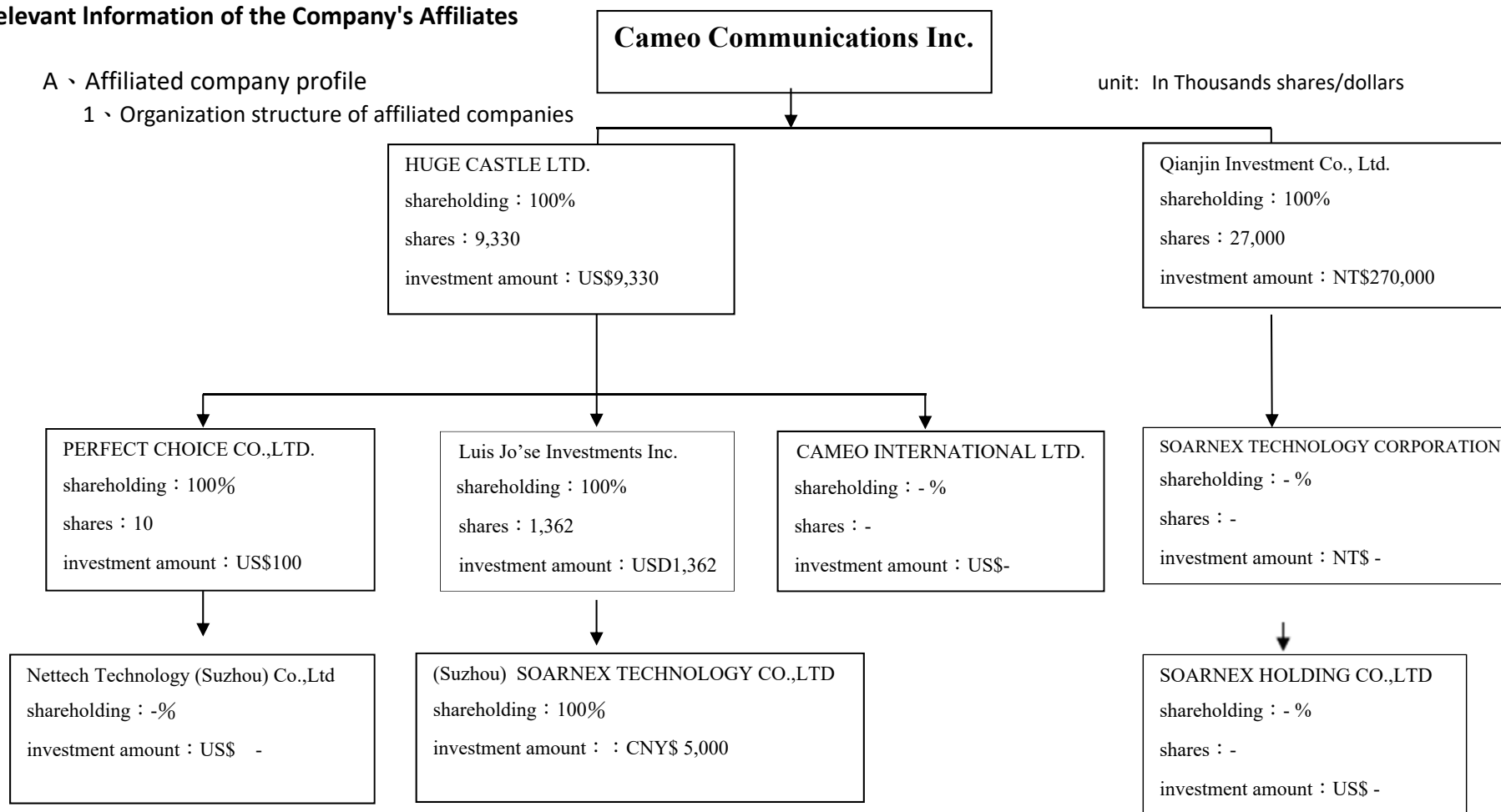
VII. Other Important Matters: None.

Chapter 7 Special Disclosure

I.Relevant Information of the Company's Affiliates

A 、Affiliated company profile

1 、Organization structure of affiliated companies



2 、 Basic Information of affiliated companies

Unit: NT\$ Thousands 2024/12/31

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

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

4、Directors, supervisors, and presidents of affiliates

Unit: shares/dollars Dec 31, 2024

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

5、Business operation profile：

(In Thousands of New Taiwan Dollars)

Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Profit	Net Income (after tax)	EPS
Qianjin Investment Co., Ltd.	270,000	183,448	50	183,398	0	(113)	3,254	0.05
CAMEO INTERNATIONAL LTD.	(Note4)	(Note4)	(Note4)	(Note4)	(Note4)	(Note4)	(Note4)	(Note4)
Cameo Technology Development (Shenzhen) Co., Ltd.	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)
Perfect Choice Co.,Ltd	(Note7)	(Note7)	(Note7)	(Note7)	0	180	4,944	(Note7)
Nettech Technology (Suzhou) Co.,Ltd	(Note5)	(Note5)	(Note5)	(Note5)	(Note5)	(Note5)	(Note5)	(Note5)
HUGE CASTLE LIMITED	295,006	283,682	4,715	278,967	0	(52,208)	(33,988)	(2.62)
Luis Jo'se Investments Inc.	43,673	48,113	5	48,108	0	(216)	2,494	1.28
Wide View Technology Inc.	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)
SOARNEX TECHNOLOGY CORPORATION	(Note3)	(Note3)	(Note3)	(Note3)	(Note3)	(Note3)	(Note3)	(Note3)
(Suzhou) SOARNEX TECHNOLOGY CO.,LTD	22,064	33,987	6,067	27,920	49,653	(953)	1,460	-

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

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

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

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

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

Note 6: Soarnex Holding Co., Ltd. was automatically deregistered in 2020 because it was not pay the annual fee. And the parent company, SOARNEX TECHNOLOGY CORPORATION completed its liquidation on April 24, 2023.

Note 7: Due to the large difference between the original investment exchange rate and the base date of the capital reduction, the original investment amount of Perfect Choice Co., Ltd. was negative in the original currency of US\$100 thousand.

II. Consolidated financial statements of affiliated companies :

Representation Letter

The entities that are required to be included in the combined financial statements of Cameo Communications, Inc. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with

International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements

is included in the consolidated financial statements. Consequently, Cameo Communications, Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Cameo Communications, Inc.

Chairman: Jeff Wu

Date: February 25, 2025

III. The relation report :

Declaration

We hereby declare that our company's 2024 Affiliation Report (covering the period from January 1, 2024 to December 31, 2024) has been prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises." The disclosed information is not materially different from that provided in the notes to our financial statements for the aforementioned period.

Hereby Declared.

Company name: Cameo Communications, Inc.

Declared by: Jeff Wu

February 25, 2025

Auditors' Review Report of the Affiliation Report

We have reviewed the Affiliation Report of Cameo Communications, Inc. for the year ended December 31, 2024, in accordance with Ruling No. 1130382569 issued by the Financial Supervisory Commission on June 26, 2024. The purpose of this review was to determine whether the Affiliation Report of Cameo Communications, Inc. for the year ended December 31, 2024 was prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises," and to ascertain whether the information disclosed therein is consistent with the related information disclosed in the notes to the financial statements audited by the certified public accountants for the same period.

Based on our review, nothing has come to our attention that would indicate that the preparation of the aforementioned Affiliation Report was not in compliance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises." Furthermore, no material inconsistencies were found between the information disclosed in the Affiliation Report and the related information disclosed in the notes to the financial statements for the same period.

Sincerely,

Cameo Communications, Inc.

KPMG

Taipei, Taiwan (Republic of China)

February 25, 2025

1. The relationship between the subordinate company and the controlling company:

Information of the relationship between the subordinate company and the controlling company

Unit: Shares; %

Name of the controlling company	Reasons of control	State of shareholding and pledged by the controlling company			Directors, supervisors, or managers assigned by the controlling company	
		Shares held (shares)	Shareholding ratio (%)	Shares Pledged (shares)	Job title	Name
D-Link Corporation (Note)	Parent company	137,532,993	41.58%		- Director	Victor Kuo 、Chang CJ

Note: D-Link Corporation holds 41.58% of the Company's shares and has substantial control.

2. Business transactions:
(1) Purchase (sale) of goods

Transaction of purchase and sale

Unit: NT\$ thousands; %

Transaction between the controlling company				Transaction terms and conditions with the controlling company		Ordinary transaction terms and conditions		Cause of discrepancy	Accounts receivable (payable) and notes receivable (payable)		Overdue accounts receivable			Note
Purchase (Sale)	Amount	Ratio of total purchases (sales) transactions (%)	Gross profit on sales	Unit (dollar)	Credit period	Unit (dollar)	Credit period		Period-end balances	Ratio of total receivable (payable) and notes receivable (payable) (%)	Amount	Methods of treatment	Allowances set aside for bad debt	
Sale	(652,782)	(55)%	123,993	Note 1	90 days after delivery	Note 1	Open account 60 days	No significant difference	268,941	62%	-	None	None	

Note 1: The price for sales to the above related party was determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

(2) Property transactions: None.

(3) Financing: None.

(4) Asset leasing

State of asset lease

Unit: NT\$ thousands

Type of transaction (Lease or Rent)	Object leased		Lease period	Nature of the leasing	The basis for determining the leasing price	Collection (payment) method	Comparison with ordinary leasing price levels	Total leasing price for the current period	Collection (payment) status for the current period	Other special stipulations
	Name	Location								
Leases	Factory	Tainan City	January 1, 2024~ December 31, 2024	Operating Lease	Notes 1	Collection on monthly basis	Notes 1	2,371	the relevant amounts have been recovered	None
Leasee	Office	Hsinchu City	March 1, 2023~ February 29, 2024 (premature termination)	Capital Lease	Note 2	Payment on monthly basis	Note 2	116	the relevant amounts have been paid	None

Note 1: The rental for leasing to controlled companies are based on the rental market in nearby areas and there is no significant difference from general leasing.

Note 2: The rental for leasing from controlled companies are based on the rental market in nearby areas and there is no significant difference from general leasing.

(5) Other significant business transactions: None.

3. Endorsements and Guarantees: None.

4. Other matters with a significant effect on finances and business: None.

II. Private Placement Securities in the Most Recent Years : None.

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

IV. Other supplementary matters: None.

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

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Cameo Communications, Inc.(“the Company”), which comprise the balance sheet as of December 31, 2024 and 2023, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audits:

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

2. Valuation of inventories

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

Description of key audit matter:

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

How the matter was addressed in our audit:

In relation to the key audit matters above, our principal audit procedures included testing relevant controls over the operating cycle of cost, assessing whether the Company's recognition of inventory write-downs and obsolescence loss were carried out according to the Company's policies and relevant accounting standards. In addition, we assessed the reasonableness of management's estimate of allowances for inventory valuation through reviewing the inventory aging report and conducting a sampling procedure; understanding the net realizable value basis adopted by management, and select appropriate samples for testing to assess the measurement basis adopted for their net realizable values.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2025

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

Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

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

CAMEO COMMUNICATIONS, INC.**Statements of Comprehensive Income****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)**

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(s) and 7)	\$ 1,184,288	100	2,539,354	100
5000	Operating costs (notes 6(g), 6(k), 6(o), 7 and 12)	1,165,136	98	2,366,059	93
	Gross profit	19,152	2	173,295	7
6000	Operating expenses (notes 6(k), 6(o), 7 and 12):				
6100	Selling expenses	46,419	4	65,063	3
6200	Administrative expenses	69,816	6	84,684	3
6300	Research and development expenses	178,598	15	148,394	6
		294,833	25	298,141	12
6900	Net operating loss	(275,681)	(23)	(124,846)	(5)
7000	Non-operating income and expenses:				
7050	Finance costs (notes 6(m) and 7)	(13,338)	(1)	(16,111)	-
7100	Interest income	19,418	2	12,596	-
7190	Other income (note 7)	23,979	2	19,889	1
7210	Losses on disposals of property, plant and equipment	-	-	(504)	-
7230	Foreign exchange gains	20,403	2	10,548	-
7235	Net gains on financial assets at fair value through profit or loss (note 6(b))	90,928	7	86,269	4
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method (note 6(h))	(30,734)	(3)	(23,083)	(1)
7228	Gains on lease modification (note 6(j))	540	-	289	-
7590	Other loss	-	-	(2,063)	-
		111,196	9	87,830	4
7900	Loss from continuing operations before tax	(164,485)	(14)	(37,016)	(1)
7950	Less: Income tax expenses (note 6(o))	71	-	144	-
	Loss	(164,556)	(14)	(37,160)	(1)
8300	Other comprehensive (loss) income:				
8310	Items that may not be reclassified to profit or loss (note 6(o))				
8311	Gains on remeasurements of defined benefit plans	3,636	-	249	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that may not be reclassified to profit or loss	29,888	3	27,714	1
8349	Income tax related to items that may not be reclassified to profit or loss	-	-	-	-
	Total items that may not be reclassified to profit or loss	33,524	3	27,963	1
8360	Items that may be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	14,059	1	(1,276)	-
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	19	-	-	-
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified to profit or loss	14,078	1	(1,276)	-
8300	Other comprehensive income (loss)	47,602	4	26,687	1
8500	Total comprehensive income (loss)	<u>\$ (116,954)</u>	<u>(10)</u>	<u>(10,473)</u>	<u>-</u>
	Basic earnings per share (expressed in NTD) (note 6(r))				
9750	Basic loss per share	<u>\$ (0.50)</u>		<u>(0.11)</u>	
9850	Diluted loss per share	<u>\$ (0.50)</u>		<u>(0.11)</u>	

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

Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Exchange differences on translation of foreign financial statements	Other equity 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			
Balance at January 1, 2023	\$ 3,307,792	-	-	85,042	85,042	(40,375)	(118,501)	3,233,958
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	8,504	-	(8,504)	-	-	-	-
Special reserve appropriated	-	-	1,224	(1,224)	-	-	-	-
Cash dividends of ordinary share	-	-	-	(72,771)	(72,771)	-	-	(72,771)
		8,504	1,224	(82,499)	(72,771)	-	-	(72,771)
Loss for the year ended December 31, 2023	-	-	-	(37,160)	(37,160)	-	-	(37,160)
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	249	249	(1,276)	27,714	26,687
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	(36,911)	(36,911)	(1,276)	26,438	(10,473)
Balance at December 31, 2023	3,307,792	8,504	1,224	(34,368)	(24,640)	(41,651)	(132,438)	3,150,714
Appropriation and distribution of retained earnings:								
Legal reserve used to offset accumulated deficits	-	(8,504)	-	8,504	-	-	-	-
Reversal of special reserve	-	-	(1,224)	1,224	-	-	-	-
	-	(8,504)	(1,224)	9,728	-	-	-	-
Loss for the year ended December 31, 2024	-	-	-	(164,556)	(164,556)	-	-	(164,556)
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	3,636	3,636	14,059	43,966	47,602
Total comprehensive income(loss) for the year ended December 31, 2024	-	-	-	(160,920)	(160,920)	14,059	43,966	(116,954)
Balance at December 31, 2024	\$ 3,307,792	-	-	(185,560)	(185,560)	(27,592)	(88,472)	3,033,760

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CAMEO COMMUNICATIONS, INC.

Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

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

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CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

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

(1) Company history

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

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

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

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2024:

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

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

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

- Amendments to IAS21 “Lack of Exchangeability”

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

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

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

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Annual Improvements to IFRS Accounting Standards—Volume 11	<p>The amendments set out:</p> <ol style="list-style-type: none"> 1. IFRS 1 “First-time Adoption of International Financial Reporting Standards”: <p>The amendments address a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 Financial Instruments.</p> 2. IFRS 7 “Financial Instruments: Disclosures”: <p>The amendments address a potential confusion in IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued.</p> 3. IFRS 9 “Financial Instruments”: <ul style="list-style-type: none"> • Derecognition of a lease liability <p>The IASB’s amendment states that if a lease liability is derecognized, then the derecognition will be accounted for under IFRS 9, (i.e. the difference between the carrying amount and the consideration paid is recognized in profit or loss). However, when a lease liability is modified, the modification will be accounted for under IFRS 16 Leases.</p> • Transaction price <p>The amendments require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15 Revenue from Contracts with Customers. The amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured.</p> 	January 1, 2026

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

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

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

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

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

(4) Summary of material accounting policies:

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

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

(b) Basis of preparation

(i) Basis of measurement

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

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets measured at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(o).

(ii) Functional and presentation currency

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

(c) Foreign currencies

(i) Foreign currency transactions

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

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

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

(ii) Foreign operations

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

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

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

(e) Cash and cash equivalents

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

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

(f) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

4) Impairment of financial assets

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

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

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

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

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

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

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

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

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

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

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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

5) Derecognition of financial assets

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

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

(g) Inventories

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

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

(h) Investment in subsidiaries

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

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

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

1) buildings and construction	4~35 years
2) Machinery and equipment	2~8 years
3) Office and other facilities	2~6 years
4) Lease improvements	5 years

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

(j) Lease

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

(iv) As a lessee

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

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

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

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

- fixed payments; including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

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

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

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

(k) Intangible assets

(i) Recognition and measurement

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

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

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

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

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

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

(l) Impairment of non-financial assets

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

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

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

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

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

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

(m) Provisions

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

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

(n) Revenue from contracts with customers

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

(i) Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Company has objective evidence that all criteria for acceptance have been satisfied.

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

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

(ii) Service Revenue

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

(iii) Financing components

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Termination benefits

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

(iv) Short-term employee benefits

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

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Notes to the Financial Statements

(p) Income tax

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

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

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

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

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

(q) Earnings per share

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

(r) Operating segments

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

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

In preparing these financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) Valuation of inventories

As electronic products may experience price declines due to horizontal competition and advancing technology, inventories are measured at the lower of cost and net realizable value. The Company estimates the net realizable value of inventory for normal waste, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on the assumptions of future demand within a specific time horizon. Therefore, significant changes may occur due to the rapid industrial changes, leading to valuation uncertainty.

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Notes to the Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

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

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

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

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

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

- (i) In 2024, the Company purchased 855 thousand ordinary shares of TMP Steel Corporation and 1,232 thousand ordinary shares of S-TECH CORP. in the public market, with investment costs of \$23,110 and \$38,527, respectively.
- (ii) On December 4, 2023, the Company participated in the private placement of 5,000 ordinary shares of King House CO., LTD. (formerly known as ENSURE GLOBAL CORP., LTD.) with a par value of NTD7.2 per share, with an investment cost of \$36,000, and the private placement of ordinary shares shall not be sold on its own in accordance with the provisions of the Securities and Exchange Act within three years from January 19, 2024, on the date of delivery to January 18, 2027, except for the transfer in accordance with Article 43-8 of the Securities and Exchange Act.
- (iii) For the years ended December 31, 2024 and 2023, the Company's gains on financial assets at fair value through profit and loss amounted to \$90,928 and \$91,050, respectively.
- (iv) Please refer to note (t) for exposures to credit risk and market risk.
- (v) As of December 31, 2024 and 2023, the Company did not provide any aforementioned financial assets as collateral for its loans.

CAMEO COMMUNICATIONS, INC.
Notes to the Financial Statements

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

	December 31, 2024	December 31, 2023
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)	<u>\$ 100,019</u>	<u>-</u>

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

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

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

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

- (d) Trade receivables (including related parties)

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

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

CAMEO COMMUNICATIONS, INC.

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

	December 31, 2024		
	Gross carrying amount	Weighted-avera ge loss rate	Loss allowance provision
Current	\$ 417,364	0%	-
1~30 days past due	14,427	0%	-
	<u>\$ 431,791</u>		<u>-</u>
	December 31, 2023		
	Gross carrying amount	Weighted-avera ge loss rate	Loss allowance provision
Current	\$ 246,672	0%	-
1~30 days past due	1,216	0%	-
	<u>\$ 247,888</u>		<u>-</u>

- (i) The Company entered into trade receivable factoring agreements with banks. Under the agreements, within the limit of the Company's credit facilities, it is not responsible for guaranteeing the debtor's solvency at the time when the claim is transferred and when the obligations are due. Thus, this is a non-recourse accounts receivable factoring. Upon the sale of trade receivables, the Company will be advanced an agreed percentage, and pay interest calculated based on the interest rates agreed for the period through the collection of the accounts receivable. The remaining amounts are received upon the collection of the trade receivables. In addition, the Company also need to pay a certain percentage of handling fees.

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

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

(e) Other receivables (including related parties)

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

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

(f) Inventories

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

(i) Operating cost were as follows:

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

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

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

(g) Investment accounted for using equity method

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

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

- (i) Subsidiaries please refer to consolidated financial statements for the year ended December 31, 2024.
- (ii) The share of loss of subsidiaries accounted for using equity method amounted \$30,734 and \$23,083 for the years ended December 31, 2024 and 2023, respectively.
- (iii) The mainland subsidiary, NETTECH TECHNOLOGY (SUZHOU) CO., LTD has been liquidated and cancelled by a resolution of the board of directors in November 2022. The liquidation procedure has completed on August 31, 2023, and the payment of shares amounting to US\$2,678 thousand was refunded to Perfect Choice Co., Ltd. in 2023. On October 6, 2023, Perfect Choice Co., Ltd. resolved by the Board of Directors to reduce capital and return US\$4,900 thousand to shareholders, with a reduction ratio of 98%. The capital reduction date was set for November 13, 2023, and US\$4,900 thousand was remitted to Huge Castle Ltd. on December 20, 2023. On November 7, 2023, Huge Castle Ltd. resolved by the Board of Directors to reduce capital and return US\$7,068 thousand to shareholders, with a reduction ratio of 43.10%. The capital reduction date was set for November 30, 2023, and US\$7,068 thousand was remitted to the Company on December 20, 2023, and recorded on January 24, 2024.
- (iv) The mainland subsidiary, NETTECH TECHNOLOGY (SUZHOU) CO., LTD appropriated profits to Perfect Choice Co., Ltd. amounting to US\$8,240 thousand in 2023. Perfect Choice Co., Ltd. appropriated profits to Huge Castle Ltd. amounting to US\$2,862 thousand in 2023. Huge Castle Ltd. appropriated profits to the Company amounting to \$20,207 (US\$643 thousand) in 2023.
- (v) Perfect Choice Co., Ltd. has been liquidated and cancelled by a resolution of the Board of Directors in April 2024, and has applied for cancellation of registration in May 2024, and it is expected to complete its liquidation in 2024.
- (vi) As of December 31, 2024 and 2023, the Company did not provide any investment accounted for using the equity method as collateral for its loans.

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

(h) Property, plant and equipment

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

	Land	Buildings and construction	Machinery and equipment	Molding equipment	Office and other facilities	Lease improvements	Total
Cost or deemed cost:							
Balance at January 1, 2024	\$ 346,639	1,127,628	535,002	5,147	64,698	23,921	2,103,035
Additions	-	-	15,131	353	-	-	15,484
Disposal and derecognition	-	(76)	(52,206)	(111)	(12,519)	-	(64,912)
Balance at December 31, 2024	<u>\$ 346,639</u>	<u>1,127,552</u>	<u>497,927</u>	<u>5,389</u>	<u>52,179</u>	<u>23,921</u>	<u>2,053,607</u>
Balance at January 1, 2023	\$ 346,639	1,131,005	519,917	5,017	64,225	23,921	2,090,724
Additions	-	-	19,038	407	473	-	19,918
Disposal and derecognition	-	(3,377)	(3,902)	-	-	-	(7,279)
Transferred into (out)	-	-	(51)	(277)	-	-	(328)
Balance at December 31, 2023	<u>\$ 346,639</u>	<u>1,127,628</u>	<u>535,002</u>	<u>5,147</u>	<u>64,698</u>	<u>23,921</u>	<u>2,103,035</u>
Depreciation and impairments loss:							
Balance at January 1, 2024	\$ -	185,878	469,997	3,656	60,090	23,921	743,542
Depreciation	-	35,170	32,795	418	3,462	-	71,845
Disposal and derecognition	-	(76)	(52,206)	-	(12,519)	-	(64,801)
Balance at December 31, 2024	<u>\$ -</u>	<u>220,972</u>	<u>450,586</u>	<u>4,074</u>	<u>51,033</u>	<u>23,921</u>	<u>750,586</u>
Balance at January 1, 2023	\$ -	151,278	409,886	3,033	54,155	23,921	642,273
Depreciation	-	37,977	63,384	783	5,935	-	108,079
Disposal and derecognition	-	(3,377)	(3,273)	-	-	-	(6,650)
Transferred into (out)	-	-	-	(160)	-	-	(160)
Balance at December 31, 2023	<u>\$ -</u>	<u>185,878</u>	<u>469,997</u>	<u>3,656</u>	<u>60,090</u>	<u>23,921</u>	<u>743,542</u>
Carrying amount:							
Balance at December 31, 2024	<u>\$ 346,639</u>	<u>906,580</u>	<u>47,341</u>	<u>1,315</u>	<u>1,146</u>	<u>-</u>	<u>1,303,021</u>
Balance at December 31, 2023	<u>\$ 346,639</u>	<u>941,750</u>	<u>65,005</u>	<u>1,491</u>	<u>4,608</u>	<u>-</u>	<u>1,359,493</u>
Balance at January 1, 2023	<u>\$ 346,639</u>	<u>979,727</u>	<u>110,031</u>	<u>1,984</u>	<u>10,070</u>	<u>-</u>	<u>1,448,451</u>

(i) Impairment

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

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

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

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

(i) Right-of-use assets

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

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

(j) Intangible assets

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

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

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

	2024	2023
Operating Costs	\$ 6	67
Operating Expenses	2,625	3,401

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

(k) Long-term borrowings

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

December 31, 2024			
	Currency	Range of interest rates	Maturity year
Secured loans	NTD	1.475%~2.235%	June 2025~May 2033
Less: current portion			
Total			
Unused credit lines			
December 31, 2023			
	Currency	Range of interest rates	Maturity year
Secured loans	NTD	1.35%~2.11%	June 2025~March 2033
Less: current portion			
Total			
Unused credit lines			

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

(l) Lease liabilities

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

	December 31, 2024	December 31, 2023
Current	\$ 19,201	20,011
Non-current	\$ 13,034	32,401

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

The amounts recognized in profit or loss were as follow:

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

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

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

(i) Real estate leases

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

(ii) Other leases

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

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

(m) Provisions

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

The Company's provision for warranty was for sales of products. Provision for warranty was estimated based on the historical warranty information on similar products or services.

CAMEO COMMUNICATIONS, INC.
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(n) Employee benefits

(i) Defined benefit plans

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

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

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

1) Composition of plan assets

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

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$43,930 as of December 31, 2024. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2024 and 2023 were as follows:

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

3) Movements in the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2024 and 2023 were as follows:

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

4) Expenses recognized in profit or loss

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

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

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

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

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

6) Actuarial assumptions

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

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

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The Company has suspended the allocation of its retirement reserve before August 2025, with the approval from the Department of Labor, Taipei City Government.

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

The weighted-average duration of the defined benefit plan is 8.07 years.

7) Sensitivity analysis

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

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

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

(ii) Defined contribution plans

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

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

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(o) Income taxes

(i) Income tax expense

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

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

- 2) The Company's income tax expense reconciled between the actual income tax expense and net loss before tax for the years ended December 31, 2024 and 2023, was as follows:

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

(ii) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax liabilities: None.
- 2) Unrecognized deferred tax assets

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

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

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

CAMEO COMMUNICATIONS, INC.

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

As of December 31, 2024, the unused loss carryforwards and the respective expiry years were as follows:

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

3) Recognized deferred tax assets and liabilities

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

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

CAMEO COMMUNICATIONS, INC.

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

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

(p) Capital and other equity

(i) Ordinary shares

As of December 31, 2024 and 2023, the Company's authorized share capital amounted to \$4,000,000, divided into 400,000 thousand shares, with a par value of \$10 per share. The aggregate amount of the aforesaid approved share capital comprised only ordinary shares, and \$200,000 thereof was retained for the execution of employee stock options, divided into 20,000 thousand shares with a par value of \$10 per share. As of December 31, 2024 and 2023, the Company has issued 330,780 thousand shares, all of which have been paid up upon issuance.

(ii) Capital surplus

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding. The capital reserve transferred from the paid-in capital in excess of par value shall be capitalized in the subsequent year after such capital reserve has been authorized for registration by the regulator.

(iii) Retained earnings

1) Legal reserve

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

2) Special reserve

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

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prior-period earnings shall be reclassified to special earnings reserve to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution and dividend policy

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

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

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

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

(q) Earnings (loss) per share

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

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

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

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

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

	2024	2023
Net loss attributable to ordinary shareholders of the Company	<u>\$ (164,556)</u>	<u>(37,160)</u>

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Weighted-average number of ordinary shares outstanding (in thousand shares)	<u>330,780</u>	<u>330,780</u>
Diluted earnings (loss) per share (in New Taiwan Dollars)	<u>\$ (0.50)</u>	<u>(0.11)</u>

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

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

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

(ii) Contract balance

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

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

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

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

(s) Remuneration to employees and directors

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

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

(t) Financial instruments

(i) Credit risk

1) Exposure to credit risk

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

2) Concentration of credit risk

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

3) Receivables and debt securities

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

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

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

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

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

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

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year</u>	<u>1-2 years</u>	<u>Over 2 years</u>
December 31, 2024					
Non-derivative financial liabilities					
Trade payables (including related parties)	\$ 347,083	(347,083)	(347,083)	-	-
Other payables (including related parties)	107,127	(107,127)	(107,127)	-	-
Long-term borrowings (including current portion)	528,881	(579,545)	(97,665)	(57,384)	(424,496)
Lease liabilities (including current and non-current)	32,235	(32,851)	(19,711)	(13,140)	-
	<u>\$ 1,015,326</u>	<u>(1,066,606)</u>	<u>(571,586)</u>	<u>(70,524)</u>	<u>(424,496)</u>
December 31, 2023					
Non-derivative financial liabilities					
Notes and trade payables (including related parties)	\$ 197,111	(197,111)	(197,111)	-	-
Other payables (including related parties)	180,748	(180,748)	(180,748)	-	-
Long-term borrowings (including current portion)	651,032	(710,811)	(134,105)	(97,065)	(479,641)
Lease liabilities (including current and non-current)	52,412	(53,827)	(20,862)	(19,779)	(13,186)
	<u>\$ 1,081,303</u>	<u>(1,142,497)</u>	<u>(532,826)</u>	<u>(116,844)</u>	<u>(492,827)</u>

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

(iii) Market risk

1) Currency risk

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

Unit: foreign currency in thousands

	<u>December 31, 2024</u>			<u>December 31, 2023</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	\$	15,794 USD/NTD =32.781	517,743	12,880 USD/NTD =30.735		395,867

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CNY	18,077 CNY/NTD =4.560	82,436	20,136 CNY/NTD =4.330	87,189
Financial liabilities				
Monetary items				
USD	8,263 USD/NTD =32.781	270,869	8,149 USD/NTD =30.735	250,460
CNY	5,846 CNY/NTD =4.560	26,658	2,523 CNY/NTD =4.330	10,925

2) Sensitivity analysis

The Company' s exposure to foreign currency risk mainly arose from the translation of cash and cash equivalents, trade receivables (including related parties), other receivables, other current financial assets, trade payables , and other payables (including related parties) denominated in foreign currency. Depreciation or appreciation of the USD and CNY against the NTD by 5%, as of December 31, 2024 and 2023, with all other variables remained constant, would have increased or decreased the net loss before tax for the years then ended as follows:

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

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(iv) Foreign exchange gains and losses on monetary items

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

(v) Interest rate analysis

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

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

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

If the interest rate had increased or decreased by 0.25%, with all other variable factors remaining constant, the Company's net loss before tax would have increased or decreased by \$1,078 and \$409 for the years ended December 31, 2024 and 2023, respectively. This is mainly due to the Company's demand deposits and borrowings at variable interest rates.

(vi) Other market price risk

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

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

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(vii) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

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

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

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	December 31, 2024				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost:					
Secured bank loans (including current portion)	\$ 528,881	-	-	-	-
Trade payables (including related parties)	347,083	-	-	-	-
Other payables (including related parties)	107,127	-	-	-	-
Lease liabilities (including current and non-current)	<u>32,235</u>	-	-	-	-
Total	<u>\$ 1,015,326</u>				
		December 31, 2023			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Private stocks	<u>\$ 127,050</u>	-	-	127,050	127,050
Financial assets at fair value through other comprehensive income					
Trade receivables	<u>110,529</u>	-	-	-	-
Financial assets measured at amortized cost					
Cash and cash equivalents	1,081,550	-	-	-	-
Trade receivables (including related parties)	137,359	-	-	-	-
Other receivables (including related parties)	13,868	-	-	-	-
Other current financial assets	300,000	-	-	-	-
Refundable deposits	<u>5,253</u>	-	-	-	-
Subtotal	<u>1,538,030</u>				
Total	<u>\$ 1,775,609</u>				

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	December 31, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
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)	180,748	-	-	-	-
Lease liabilities (including current and non-current)	<u>52,412</u>	-	-	-	-
Total	<u>\$ 1,081,303</u>	-	-	-	-

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

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

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

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

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

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

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

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

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

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

4) Transfers between Level 1 and Level 2

There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2024 and 2023.

5) Reconciliation of level 3 fair values

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

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

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

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

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss-Private stock	<ul style="list-style-type: none"> Market Approach and Finnerty model are adopted at December 31, 2024 Black-Scholes model and Finnerty model are adopted at December 31, 2023 	<ul style="list-style-type: none"> Lack of market liquidity discount (18.18% and 24.82%, respectively, as of December 31, 2024 and 2023) 	<ul style="list-style-type: none"> The higher the lack of market liquidity discount, the lower the fair value

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

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

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

CAMEO COMMUNICATIONS, INC.
Notes to the Financial Statements

(u) Financial risk management

(i) Overview

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

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

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

(ii) Structure of risk management

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

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

(iii) Credit risk

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

1) Trade receivables and other receivables

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

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

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

2) Investments

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

3) Guarantees

The Company's policy is to provide financial guarantees only for subsidiaries with over 50% of their voting shares held by the Company. As of December 31, 2024 and 2023, no other guarantees were outstanding.

(iv) Liquidity risk

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

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

Bank loans are an important source of liquidity for the Company. As of December 31, 2024 and 2023, the Company's unused long-term and short-term credit lines were \$926,467 and \$965,820, respectively. Please refer to note 6(k) for details of the Company's unused credit lines.

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(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable range, while optimizing the return.

1) Currency risk

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

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates and trading derivatives when necessary, to address short-term imbalances.

2) Interest rate risk

The Company borrowed funding at variable interest rates, which gave rise to cash flow risk.

3) Other market price risks

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

(v) Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Company manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to repay debts and to distribute dividends in accordance to its plan. Management used the appropriate net debt/equity ratio to determine the most adequate capital structure of the Company. The Company aims to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio from time to time. The Company's liability-to-equity ratios at the end of each reporting period were as follows:

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

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

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

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

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

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

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

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(7) Related-party transactions:

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

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

- (b) Names and relationship with related parties

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

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

Note 1: D-Link Corporation acquired control of the Company on April 1, 2023, and changed from an individual with significant influence on the Company to the parent company of the Company from April 1, 2023.

Note 2: SOARNEX TECHNOLOGY CORPORATION was dissolved by a resolution of the board of directors on August 9, 2022, and obtained the approval letter of the Taipei City Government on August 15, 2022, and the liquidation procedure has completed on April 24, 2023, and was repaid to Qianjin Investment Co., Ltd.

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

Note 4: NETTECH TECHNOLOGY (SUZHOU) CO., LTD has been liquidated and cancelled by a resolution of the board of directors in November 2022. The liquidation procedure has completed on August 31, 2023, and was repaid to Perfect Choice Co., Ltd. on August 4, 2023.

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(c) Significant transactions with related parties

(i) Sales to related parties

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

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

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

(ii) Purchases from related parties

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

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

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.

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(iii) Payment to related parties

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

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

(iv) Received from related parties

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

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

(v) Borrowing from related parties

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

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

	Ending balance	
	December 31, 2024	December 31, 2023
Other payable to related parties		
Subsidiary—Huge	\$ -	92,205

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

CAMEO COMMUNICATIONS, INC.

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(vi) Lease

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

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

(d) Key management personnel transactions

Key management personnel's compensation comprised:

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

(8) Assets Pledged as security:

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

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

(9) Commitments and contingencies:

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

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

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

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Notes to the Financial Statements

(12) Other:

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

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

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

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

The Company' s compensation policy (for directors, supervisors, executives, and employees) is as follows:

- (i) The Company' s policy for director compensation is implemented pursuant to the resolution of both the Compensation Committee and the Board of Directors.
- 1) Compensation of independent directors: Independent directors are remunerated quarterly despite the profit or loss of the Company; wherein discretionary adjustments may be made by the Compensation Committee based on their respective participation and contribution.
 - 2) Compensation of directors: The Company does not provide remuneration for directors. However, profit shall be distributed as compensation pursuant to the Company' s articles of Incorporation, wherein the Compensation Committee proposes the distribution scheme taking into account the overall performance of the Board and the Company, future operation, and risk appetite. The distribution proposal shall be approved by the Board of Directors and reported to the shareholders' meeting, and then be carried out according to the directors' respective participation and contribution.

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

- (ii) Compensation of executives and staff: Pay adjustment shall be made based on annual performance evaluation and price level. In addition to base salary, year-end bonus and performance bonus are also included in the compensation package. In accordance with the Company's articles of Incorporation, the Company shall allocate employee compensation provided that there is profit for the year. Employees entitled to the aforementioned employee compensation, either in stock or in cash, may include affiliates' employees who meet certain conditions stipulated by the Board of Directors.

(13) Other disclosures:

- (a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Company for the as of December 31, 2024:

- (i) Loans to other parties:

Unit: foreign currency in thousand

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

Note 1: The numbering is as follows:

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

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

Note 3: According to each subsidiary's "Procedures for Loans to Other Parties", for other companies or entities having short-term financing needs, the amount of loan to a single entity shall not exceed 40% of the net worth reported in the latest financial statements as of December 31, 2024. For subsidiaries whose voting shares are 100% owned, directly or indirectly, by the parent company, or for the loans between subsidiaries, the preceding limit does not apply; however, the total amount of loans shall not exceed 40% of the net worth reported in the latest financial statements as of December 31, 2024.

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

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

- (iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand shares

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stock-Harvatek Corporation	None	Non-current financial assets at fair value through profit or loss	6,000	-	14.46	-	Note 1
The Company	Stock-Covia Inc.	None	Non-current financial assets at fair value through profit or loss	0.4	-	5.40	-	Note 2
The Company	Private Stock-KING HOUSE CO., LTD.	Other related party	Non-current financial assets at fair value through profit or loss	5,000	220,900	3.16	220,900	Note 3
The Company	TMP Steel Corporation	Other related party	Non-current financial assets at fair value through profit or loss	855	23,172	0.86	23,172	
The Company	S-TECH CORP	Other related party	Non-current financial assets at fair value through profit or loss	1,232	35,543	0.53	35,543	
The Company	Domestic bank green bonds- P13 Taipei Fubon Bank 3	None	Non-current financial assets at fair value through other comprehensive income	-	100,019	-	100,019	Note 4
Qianjin Investment Co., Ltd.	D-Link Corporation	Parent Company	Non-current financial assets at fair value through other comprehensive income	5,434	138,298	0.90	138,298	
Qianjin Investment Co., Ltd.	TMP Steel Corporation	Other related party	Non-current financial assets at fair value through profit or loss	48	1,301	0.05	1,301	
Qianjin Investment Co., Ltd.	S-TECH CORP	Other related party	Non-current financial assets at fair value through profit or loss	70	2,019	0.03	2,019	

Note 1: Harvatek Corporation has been delisted since October 27, 2008, and the initial investment cost of it amounting to \$60,000 has been fully recognized as loss by the Company.

Note 2: The investment in Covia Inc. investment valued at impairment loss amounting to \$13,211, and the impairment loss has been fully recognized by the Company.

Note 3: King House CO., LTD. (formerly known as Ensure Global Corp., LTD.) has modified 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 Company acquired 10 units of the debentures on September 16, 2024, with a total subscription amount of \$100,000.

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Trade receivables (payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	
The Company	D-Link Corporation	Parent Company	Sale	(652,782)	(55)%	90 days after delivery	Note 1	Note 1	Trade receivables 268,941	62%	

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

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

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

Note 1: Information as of January 25, 2025.

(ix) Trading in derivative instruments: None

(b) Information on investees:

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

Unit: in thousands share

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

Note 1: Due to the large difference between the original investment exchange rate and the base date of the capital reduction, the original investment amount of Perfect Choice Co., Ltd. was negative in the original currency of US\$100 thousand.

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

(c) Information on investment in mainland China:

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

Unit: foreign currency in thousands

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

(ii) Limitation on investment in Mainland China:

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

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

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

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

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

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

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

CAMEO COMMUNICATIONS, INC.

Notes to the Financial Statements

(iii) Significant transactions:

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

(d) Major shareholders:

Unit: Share

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

(14) Segment information:

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

Representation Letter

The entities that are required to be included in the combined financial statements of Cameo Communications, Inc. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, “Consolidated Financial Statements.” endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Cameo Communications, Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Cameo Communications, Inc.

Chairman: Tsung-Che Wu

Date: February 25, 2025.

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Cameo Communications, Inc. and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2024 and 2023, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Valuation of inventories

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

Description of key audit matter:

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

How the matter was addressed in our audit:

In relation to the key audit matters above, our principal audit procedures included testing relevant controls over the operating cycle of cost, assessing whether the Group's recognition of inventory write-downs and obsolescence loss were carried out according to the Group's policies and relevant accounting standards. In addition, we assessed the reasonableness of management's estimate of allowances for inventory valuation through reviewing the inventory aging report and conducting a sampling procedure; understanding the net realizable value basis adopted by management, and select appropriate samples for testing to assess the measurement basis adopted for their net realizable values.

Other Matter

Cameo Communications, Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2025

(Expressed in Thousands of New Taiwan Dollars)

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

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

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(q) and 7)	\$ 1,184,288	100	2,539,354	100
5000	Operating costs (notes 6(f), 6(i), 6(m), 7 and 12)	1,165,152	98	2,366,447	93
5900	Gross profit	19,136	2	172,907	7
6000	Operating expenses (notes 6(i), 6(m), 7 and 12):				
6100	Selling expenses	46,607	4	65,063	3
6200	Administrative expenses	81,294	7	108,434	4
6300	Research and development expenses	220,007	19	188,837	7
		347,908	30	362,334	14
6900	Net operating loss	(328,772)	(28)	(189,427)	(7)
7000	Non-operating income and expenses:				
7050	Finance costs (note 6(k))	(13,338)	(1)	(16,059)	-
7100	Interest income	30,965	3	25,185	1
7190	Other income (notes 6(c) and 7)	33,171	3	67,626	3
7210	Losses on disposals of property, plant and equipment	-	-	(502)	-
7230	Foreign exchange gains	21,956	2	10,287	-
7235	Net gains on financial assets at fair value through profit or loss (note 6(b))	90,993	7	86,269	3
7228	Gains on lease modification	540	-	289	-
7590	Other loss	-	-	(2,159)	-
		164,287	14	170,936	7
7900	Loss from continuing operations before tax	(164,485)	(14)	(18,491)	-
7950	Less: Income tax expenses (note 6(n))	71	-	18,669	1
8200	Loss from continuing operations before tax	(164,556)	(14)	(37,160)	(1)
8300	Other comprehensive (loss) income:				
8310	Items that may not be reclassified to profit or loss (notes 6(c) and 6(m))				
8311	Gains on remeasurements of defined benefit plans	3,636	-	249	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	29,888	3	27,714	1
8349	Income tax related to items that may not be reclassified to profit or loss	-	-	-	-
	Total items that may not be reclassified to profit or loss	33,524	3	27,963	1
8360	Items that may be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	14,059	1	(1,276)	-
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	19	-	-	-
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified to profit or loss	14,078	1	(1,276)	-
8300	Other comprehensive income (loss)	47,602	4	26,687	1
8500	Total comprehensive income (loss)	<u>\$ (116,954)</u>	<u>(10)</u>	<u>(10,473)</u>	<u>-</u>
	Basic earnings per share (expressed in NTD) (note 6(p))				
9750	Basic loss per share	<u>\$ (0.50)</u>		<u>(0.11)</u>	
9850	Diluted loss per share	<u>\$ (0.50)</u>		<u>(0.11)</u>	

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

Consolidated Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
	Retained earnings					Other equity			
						Exchange differences on translation of foreign financial statements	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					
Balance at January 1, 2023	\$ 3,307,792	-	-	85,042	85,042	(40,375)	(118,501)	(158,876)	3,233,958
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	8,504	-	(8,504)	-	-	-	-	-
Special reserve appropriated	-	-	1,224	(1,224)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(72,771)	(72,771)	-	-	-	(72,771)
		8,504	1,224	(82,499)	(72,771)	-	-	-	(72,771)
Loss for the year ended December 31, 2023	-	-	-	(37,160)	(37,160)	-	-	-	(37,160)
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	249	249	(1,276)	27,714	26,438	26,687
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	(36,911)	(36,911)	(1,276)	27,714	26,438	(10,473)
Balance at December 31, 2023	3,307,792	8,504	1,224	(34,368)	(24,640)	(41,651)	(90,787)	(132,438)	3,150,714
Appropriation and distribution of retained earnings:									
Legal reserve used to offset accumulated deficits	-	(8,504)	-	8,504	-	-	-	-	-
Reversal of special reserve	-	-	(1,224)	1,224	-	-	-	-	-
		(8,504)	(1,224)	9,728	-	-	-	-	-
Loss for the year ended December 31, 2024	-	-	-	(164,556)	(164,556)	-	-	-	(164,556)
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	3,636	3,636	14,059	29,907	43,966	47,602
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	(160,920)	(160,920)	14,059	29,907	43,966	(116,954)
Balance at December 31, 2024	\$ 3,307,792	-	-	(185,560)	(185,560)	(27,592)	(60,880)	(88,472)	3,033,760

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

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) operating activities:		
Loss before tax	\$ (164,485)	(18,491)
Adjustments:		
Adjustments to reconcile (loss) profit:		
Depreciation expense	92,862	128,779
Amortization expense	2,631	3,468
Net gains on financial assets (liabilities) at fair value through profit or loss	(90,993)	(91,050)
Interest expense	13,338	16,059
Interest income	(30,965)	(25,185)
Dividend income	(2,910)	(1,220)
Losses on disposal of property, plant and equipment	-	502
Others	(540)	(121)
Total adjustments to reconcile (loss) profit	(16,577)	31,232
Changes in operating assets and liabilities:		
Decrease in notes and trade receivables	25,641	384,025
(Increase) decrease in trade receivables due from related parties	(209,544)	442,619
Decrease in other receivables	1,074	36,622
Decrease (increase) in other receivable due from related parties	3,355	(5,933)
Decrease in inventories	50,111	604,819
Decrease in prepayments and other current assets	81	23,222
Increase in net defined benefit assets	(423)	(460)
Total changes in operating assets	(129,705)	1,484,914
Increase (decrease) in trade payables (including related parties)	149,972	(888,294)
Increase (decrease) in other payable (including related parties)	16,640	(115,122)
(Decrease) increase in other operating liabilities	(5,933)	29,178
Total changes in operating liabilities	160,679	(974,238)
Total changes in operating assets and liabilities, net	30,974	510,676
Total adjustments	14,397	541,908
Cash (outflow) inflow generated from operations	(150,088)	523,417
Interest received	29,131	36,907
Dividends received	2,910	1,220
Interest paid	(13,426)	(16,115)
Income taxes paid	(1,383)	(33,902)
Net cash flows (used in) from operating activities	(132,856)	511,527
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(100,000)	-
Acquisition of financial assets at fair value through profit or loss	(64,892)	(36,000)
Acquisition of property, plant and equipment	(15,484)	(19,918)
Proceeds from disposal of property, plant and equipment	111	127
Acquisition of intangible assets	(11,786)	(2,257)
Increase in other financial assets	(7,441)	(284,234)
Decrease in other non-current assets	598	6,474
Net cash flows used in investing activities	(198,894)	(335,808)
Cash flows from (used in) financing activities:		
Proceeds from long-term borrowings	20,000	-
Repayments of long-term borrowings	(142,151)	(236,303)
Payment of lease liabilities	(20,656)	(19,931)
Cash dividends paid	-	(72,771)
Net cash flows used in financing activities	(142,807)	(329,005)
Effect of exchange rate changes on cash and cash equivalents	14,054	(1,280)
Net decrease in cash and cash equivalents	(460,503)	(154,566)
Cash and cash equivalents at beginning of period	1,331,694	1,486,260
Cash and cash equivalents at end of period	\$ 871,191	1,331,694

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

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

(1) Company history

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

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

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

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The 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”

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Annual Improvements to IFRS Accounting Standards—Volume 11	<p>The amendments set out:</p> <ol style="list-style-type: none"> 1. IFRS 1 “First-time Adoption of International Financial Reporting Standards”: The amendments address a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 Financial Instruments. 2. IFRS 7 “Financial Instruments: Disclosures”: The amendments address a potential confusion in IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued. 3. IFRS 9 “Financial Instruments”: <ul style="list-style-type: none"> • Derecognition of a lease liability The IASB’s amendment states that if a lease liability is derecognized, then the derecognition will be accounted for under IFRS 9, (i.e. the difference between the carrying amount and the consideration paid is recognized in profit or loss). However, when a lease liability is modified, the modification will be accounted for under IFRS 16 Leases. • Transaction price The amendments require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15 Revenue from Contracts with Customers. The amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured. 4. IFRS 10 “Consolidated Financial 	January 1, 2026

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

The 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”
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (altogether referred to “IFRS Accounting Standards” endorsed by the “FSC”).

(b) Basis of preparation

(i) Basis of measurement

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

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets measured at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(o).

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Remark
			December 31, 2024	December 31, 2023	
The Company	Qianjin Investment Co., Ltd.	Investment holding	100 %	100 %	
"	Huge Castle Ltd.	Investment holding	100 %	100 %	
Qianjin Investment Co., Ltd.	SOARNEX TECHNOLOGY CORPORATION	International trade, and wholesale of telecommunications equipment and information software	- %	- %	Note 1
SOARNEX TECHNOLOGY CORPORATION	Soarnex Holding Co., Ltd.	Investment holding	- %	- %	Notes 3
Huge Castle Ltd.	Perfect Choice Co., Ltd.	Investment holding and trading	- %	100 %	Note 4
"	Luis Jo' se Investment Inc.	Investment	100 %	100 %	
"	CAMEO International Ltd.	Import and export trade	- %	- %	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 %	

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 2025.

Note 5: CAMEO International Ltd. has been deregistration by a resolution of the board of directors in January 2023, and the liquidation process has begun. The delisting and liquidation procedures has completed on March 9, 2023, and was repaid to Huge Castle Ltd.

(d) Foreign currencies

(i) Foreign currency transactions

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

Exchange differences are generally recognized in profit or loss, except for those differences

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

relating to the following, which are recognized in other comprehensive income:

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

(ii) Foreign operations

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

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

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

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

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) **Cash and cash equivalents**

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

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

(g) **Financial instruments**

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

(i) **Financial assets**

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

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

1) **Financial assets measured at amortized cost**

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

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

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

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

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

4) Impairment of financial assets

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

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

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

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

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

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

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

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

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

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

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the

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

amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

If significant parts of an item of property, plant and equipment have different useful lives, they

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

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are accounted for as separate items (major components) of property, plant and equipment.

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) buildings and construction	4~35 years
2) Machinery and equipment	2~8 years
3) Office and other facilities	2~6 years
4) Lease improvements	5 years

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

(j) Lease

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

(i) As a lessee

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

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

The lease liability is initially measured at the present value of the lease payments that are not

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paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

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

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modification

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

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

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

(k) Intangible assets

(i) Recognition and measurement

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

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impairment losses.

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

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

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

(l) Impairment of non-financial assets

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

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

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

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

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

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

(m) Provisions

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

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

(n) Revenue from contracts with customers

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

(i) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Group has objective evidence that all criteria for acceptance have been satisfied.

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

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

(ii) Service Revenue

Service revenue primarily consists of product development service revenue and maintenance service revenue. Product development services are provided based on the contract specifications

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and functional requirements agreed upon with the customer. The related revenue is recognized upon the delivery of each performance obligation.

(iii) Financing components

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

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Termination benefits

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

(iv) Short-term employee benefits

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

(p) Income tax

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

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

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

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same

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taxation authority on either:

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

(q) Earnings per share

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

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

There are no critical judgments in applying the accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) Valuation of inventories

As electronic products may experience price declines due to horizontal competition and advancing technology, inventories are measured at the lower of cost and net realizable value. The Group estimates the net realizable value of inventory for normal waste, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net

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realizable value of the inventory is determined mainly based on the assumptions of future demand within a specific time horizon. Therefore, significant changes may occur due to the rapid industrial changes, leading to valuation uncertainty.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Foreign currencies on hand and petty cash	\$ 676	618
Check and demand deposits	140,245	614,799
Time deposits	641,106	716,277
Cash equivalents - repurchase agreement	89,164	-
	<u>\$ 871,191</u>	<u>1,331,694</u>

(i) As of December 31, 2024 and 2023, the Group's time deposits more than three months recognized as other current financial assets amounted to \$313,141 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

	December 31, 2024	December 31, 2023
Private placement shares of domestic listed company	\$ 220,900	127,050
Common shares of domestic listed company	62,035	-
Total	<u>\$ 282,935</u>	<u>127,050</u>

(i) In 2024, the Group purchased 903 thousand ordinary shares of TMP Steel Corporation and 1,302 thousand ordinary shares of S-TECH CORP. in the public market, with investment costs of \$24,415 and \$40,477, respectively.

(ii) 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.

(iii) For the years ended December 31, 2024 and 2023, the Group's gains on financial assets at fair value through profit and loss amounted to \$90,993 and \$91,050, respectively.

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

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(v) As of December 31, 2024 and 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>December 31, 2024</u>	<u>December 31, 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)	\$ 100,019	-
Equity investments at fair value through other comprehensive income:		
Common Shares of domestic listed company	138,298	108,410
Total	<u><u>\$ 238,317</u></u>	<u><u>108,410</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 long-term strategic purposes.
- 2) For the years ended December 31, 2024 and 2023, the Group gains on aforementioned equity investments at fair value through other comprehensive income amounted to \$29,888 and \$27,714, respectively, and dividend income (recorded as other income) of \$2,910 and \$1,220, respectively.
- 3) There were no disposal of strategic investments and transfer of any cumulative gain or loss within equity relating to these investments for the years ended December 31, 2024 and 2023.

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

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

(d) Trade receivables (including related parties)

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

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, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as forward looking information, including overall economic environment and related industrial information. The expected credit losses on trade receivables were as follows:

	December 31, 2024		
	Gross carrying amount	Weighted-avera ge loss rate	Loss allowance provision
Current	\$ 417,364	0%	-
1~30 days past due	14,427	0%	-
	<u>\$ 431,791</u>		<u>-</u>
	December 31, 2023		
	Gross carrying amount	Weighted-avera ge loss rate	Loss allowance provision
Current	\$ 246,672	0%	-
1~30 days past due	1,216	0%	-
	<u>\$ 247,888</u>		<u>-</u>

- (i) 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.

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

(ii) For the years ended December 31, 2024 and 2023, the movement in the allowance for trade receivable were remained unchanged.

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

(e) Other receivables (including related parties)

	December 31, 2024	December 31, 2023
Other receivables	\$ 25,378	27,973
Less: loss allowance	<u>(13,553)</u>	<u>(13,553)</u>
	<u>\$ 11,825</u>	<u>14,420</u>
Other receivables	<u>\$ 7,358</u>	<u>6,598</u>
Other receivables due from related parties	<u>\$ 4,467</u>	<u>7,822</u>

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

(f) Inventories

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

(i) Operating cost were as follows:

	2024	2023
Sale of inventories	\$ 978,156	2,149,967
Write-down of inventories (Reversal of write-downs)	21,697	(16,918)
Loss on disposal of inventories	213	26,329
Loss on physical inventories	7	4
Unallocated production overheads	<u>165,079</u>	<u>207,065</u>
	<u>\$ 1,165,152</u>	<u>2,366,447</u>

(ii) For the year ended December 31, 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 December 31, 2024 and 2023, the Group did not provide any inventories as collateral for its loans.

(g) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Office and other facilities</u>	<u>Lease improvements</u>	<u>Total</u>
Cost or deemed cost:							
Balance at January 1, 2024	\$ 346,639	1,127,628	541,108	5,640	64,959	23,921	2,109,895
Additions	-	-	15,131	353	-	-	15,484
Disposal and derecognition	-	(76)	(52,206)	(111)	(12,519)	-	(64,912)
Effects of movements in exchange rates	-	-	341	26	14	-	381
Balance at December 31, 2024	<u>\$ 346,639</u>	<u>1,127,552</u>	<u>504,374</u>	<u>5,908</u>	<u>52,454</u>	<u>23,921</u>	<u>2,060,848</u>
Balance at January 1, 2023	\$ 346,639	1,131,005	526,031	7,532	64,534	23,921	2,099,662
Additions	-	-	19,038	407	473	-	19,918
Disposal and derecognition	-	(3,377)	(3,967)	(2,035)	(48)	-	(9,427)
Transferred into (out)	-	-	(51)	(277)	-	-	(328)
Effect of movements in exchange rates	-	-	57	13	-	-	70
Balance at December 31, 2023	<u>\$ 346,639</u>	<u>1,127,628</u>	<u>541,108</u>	<u>5,640</u>	<u>64,959</u>	<u>23,921</u>	<u>2,109,895</u>
Depreciation and impairments loss:							
Balance at January 1, 2024	\$ -	185,878	476,165	4,056	60,351	23,921	750,371
Depreciation	-	35,170	32,783	440	3,462	-	71,855
Disposal and derecognition	-	(76)	(52,206)	-	(12,519)	-	(64,801)
Effects of movements in exchange rates	-	-	340	22	14	-	376
Balance at December 31, 2024	<u>\$ -</u>	<u>220,972</u>	<u>457,082</u>	<u>4,518</u>	<u>51,308</u>	<u>23,921</u>	<u>757,801</u>
Balance at January 1, 2023	\$ -	151,278	416,598	4,524	54,472	23,921	650,793
Depreciation	-	37,977	62,842	1,725	5,926	-	108,470
Disposal and derecognition	-	(3,377)	(3,338)	(2,035)	(48)	-	(8,798)
Transferred into (out)	-	-	-	(160)	-	-	(160)
Effects of movements in exchange rates	-	-	63	2	1	-	66
Balance at December 31, 2023	<u>\$ -</u>	<u>185,878</u>	<u>476,165</u>	<u>4,056</u>	<u>60,351</u>	<u>23,921</u>	<u>750,371</u>
Carrying amount:							
Balance at December 31, 2024	<u>\$ 346,639</u>	<u>906,580</u>	<u>47,292</u>	<u>1,390</u>	<u>1,146</u>	<u>-</u>	<u>1,303,047</u>
Balance at December 31, 2023	<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 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>

(i) **Impairment**

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

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

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

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

(h) Right-of-use assets

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

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

(i) Intangible assets

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

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES
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	Patent	Computer software and others	Total
Cost:			
Balance at January 1, 2024	\$ 6,162	182,670	188,832
Additions	406	11,380	11,786
Derecognition	-	(15,620)	(15,620)
Effects of movements in exchange rate	-	106	106
Balance at December 31, 2024	<u>\$ 6,568</u>	<u>178,536</u>	<u>185,104</u>
Balance at January 1, 2023	\$ 6,023	181,405	187,428
Additions	421	1,836	2,257
Derecognition	(282)	(542)	(824)
Effects of movements in exchange rate	-	(29)	(29)
Balance at December 31, 2023	<u>\$ 6,162</u>	<u>182,670</u>	<u>188,832</u>
Amortization:			
Balance at January 1, 2024	\$ 5,629	172,767	178,396
Amortization	526	2,105	2,631
Derecognition	-	(15,620)	(15,620)
Effects of movements in exchange rate	-	106	106
Balance at December 31, 2024	<u>\$ 6,155</u>	<u>159,358</u>	<u>165,513</u>
Balance at January 1, 2023	\$ 5,269	170,512	175,781
Amortization	642	2,826	3,468
Derecognition	(282)	(542)	(824)
Effects of movements in exchange rate	-	(29)	(29)
Balance at December 31, 2023	<u>\$ 5,629</u>	<u>172,767</u>	<u>178,396</u>
Carrying amount:			
Balance at December 31, 2024	<u>\$ 413</u>	<u>19,178</u>	<u>19,591</u>
Balance at December 31, 2023	<u>\$ 533</u>	<u>9,903</u>	<u>10,436</u>
Balance at January 1, 2023	<u>\$ 754</u>	<u>10,893</u>	<u>11,647</u>

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

	2024	2023
Operating Costs	\$ 6	67
Operating Expenses	2,625	3,401

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

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(j) Long-term borrowings

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

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

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

- (i) For the year ended December 31, 2024, the proceeds from long-term borrowings amounted to \$20,000; the repayments of long-term borrowings (including due repayments and partial early repayments) amounted to \$142,151.
- (ii) For the year ended December 31, 2023, the repayments of long-term borrowings (including due repayments and partial early repayments) amounted to \$236,303.
- (iii) Information about the 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:

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

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

The amounts recognized in profit or loss were as follow:

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

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

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

(i) Real estate leases

The Group leases buildings for its office space. The leases of office space typically run for a period of 2 to 5 years. Some leases included an option to renew the lease for an additional period of the same duration at the end of the lease term.

(ii) Other leases

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

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

(l) Provisions

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

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.

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(m) Employee benefits

(i) Defined benefit plans

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

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

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

1) Composition of plan assets

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

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$43,930 as of December 31, 2024. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2024 and 2023 were as follows:

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

3) Movements in the defined benefit plan assets

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The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2024 and 2023 were as follows:

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

4) Expenses recognized in profit or loss

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

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

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

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

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

6) Actuarial assumptions

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

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

The Company has suspended the allocation of its retirement reserve before August 2025, with the approval from the Department of Labor, Taipei City Government.

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

The weighted-average duration of the defined benefit plan is 8.07 years.

7) Sensitivity analysis

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

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

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

(ii) Defined contribution plans

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

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

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 \$4,482 and \$4,004 for the years ended December 31, 2024 and 2023, respectively.

(n) Income taxes

(i) Income tax expense (benefit)

1) The components of income tax expense (benefit) for the years ended December 31, 2024

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and 2023 were as follows:

	2024	2023
Current tax expense	\$ 71	29,411
Deferred tax (benefit) expense	-	(10,742)
Income tax expense	<u>\$ 71</u>	<u>18,669</u>

- 2) The Group's income tax expense reconciled between the actual income tax expense and net loss before tax for the years ended December 31, 2024 and 2023, was as follows:

	2024	2023
Net loss before tax	\$ (164,485)	(18,491)
Income tax using the Company's domestic tax rate	(32,897)	(3,698)
Effect of tax rates in foreign jurisdiction	365	(1,297)
Tax-exempt income	(582)	(244)
Recognition of previously unrecognized tax losses	(69)	-
Changes in unrecognized temporary differences	(5,355)	1,664
Current-year losses for which no deferred tax asset was recognized	42,233	(10,604)
Foreign dividend income	-	4,042
Change in provision in prior periods	-	25,453
Others	(3,624)	3,353
	<u>\$ 71</u>	<u>18,669</u>

(ii) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax liabilities: None.
- 2) Unrecognized deferred tax assets

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

	December 31, 2024	December 31, 2023
Tax effect of deductible temporary difference	\$ 30,618	35,973
The carryforward of unused tax losses	228,944	160,401
	<u>\$ 259,562</u>	<u>196,374</u>

Unrecognized deductible temporary difference were mainly items such as the Group's impairment loss on financial assets and write-down of inventories, which were not

recognized as deferred tax assets since they are not very likely to be realized in the foreseeable future.

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

As of December 31, 2024, the unused loss carryforwards and the respective expiry years were as follows:

Year of loss	Amount of loss	Deductible balance	Expiry year
The Company			
2019	\$ 287,609 (assessed)	278,158	2029
2020	283,079 (assessed)	283,079	2030
2021	276,846 (assessed)	276,846	2031
2023	87,725 (filed)	87,725	2033
2024	<u>211,166 (estimated)</u>	<u>211,166</u>	2034
	<u>1,146,425</u>	<u>1,136,974</u>	
Qianjin Investment Co., Ltd			
2023	<u>20,500 (filed)</u>	<u>20,156</u>	2033
	<u>\$ 1,166,925</u>	<u>1,157,130</u>	

3) Recognized deferred tax assets and liabilities

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

	<u>Tax losses</u>
Deferred Tax Assets :	
Balance at January 1, 2024	\$ 32,055
Recognized in profit or loss	<u>(29,573)</u>
Balance at December 31, 2024	<u>\$ 2,482</u>
Balance at January 1, 2023	\$ 49,086
Recognized in profit or loss	<u>(17,031)</u>
Balance at December 31, 2023	<u>\$ 32,055</u>

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

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

(o) Capital and other equity

(i) Ordinary shares

As of December 31, 2024 and 2023, the Company' s authorized share capital amounted to \$4,000,000, divided into 400,000 thousand shares, with a par value of \$10 per share. The aggregate amount of the aforesaid approved share capital comprised only ordinary shares, and \$200,000 thereof was retained for the execution of employee stock options, divided into 20,000 thousand shares with a par value of \$10 per share. As of December 31, 2024 and 2023, the Company has issued 330,780 thousand shares, all of which have been paid up upon issuance.

(ii) Capital surplus

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding. The capital reserve transferred from the paid-in capital in excess of par value shall be capitalized in the subsequent year after such capital reserve has been authorized for registration by the regulator.

(iii) Retained earnings

1) Legal reserve

According to the R.O.C. Company Act, 10 percent of the net profit shall be allocated as

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legal reserve until the accumulated legal reserve equals the paid-in capital. When a company incurs no loss and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may, pursuant to a resolution reached in a shareholders' meeting, be used to increase the common stock or be distributed as cash dividends.

2) Special reserve

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

3) Earnings distribution and dividend policy

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

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

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

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

(p) Earnings (loss) per share

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

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

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

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

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

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

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

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

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

(ii) Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes and trade receivables	\$ 431,791	247,888	1,074,532
Less: loss allowance	-	-	-
	<u>\$ 431,791</u>	<u>247,888</u>	<u>1,074,532</u>

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Contract liabilities (recorded as other current liabilities)	<u>\$ 25,984</u>	<u>18,337</u>	<u>18,213</u>
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For details on trade receivables and the impairment thereof, please refer to note 6(d).

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

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

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

(s) Financial instruments

(i) Credit risk

1) Exposure to credit risk

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

2) Concentration of credit risk

For the years ended December 31, 2024 and 2023, the amount of sales to customers that contributed over 10% of the Group's operating revenue occupied 89% and 92% of the Group's total sales revenue, respectively. As of December 31, 2024 and 2023, the trade receivables due from these customers accounted for 98% and 97% of the Group's total trade receivables, respectively, exposing the Group to significant concentration of credit risk. The Group's credit risk management policy is detailed in note 6(t).

3) Receivables and debt securities

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

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

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

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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).)

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

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

(ii) Liquidity risk

The followings are the contractual maturities of financial liabilities, 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>
December 31, 2024					
Non-derivative financial liabilities					
Trade payables (including related parties)	\$ 347,083	(347,083)	(347,083)	-	-
Other payables (including related parties)	114,574	(114,574)	(114,574)	-	-
Long-term borrowings (including current portion)	528,881	(579,545)	(97,665)	(57,384)	(424,496)
Lease liabilities (including current and non-current)	32,235	(32,851)	(19,711)	(13,140)	-
	<u>\$ 1,022,773</u>	<u>(1,074,053)</u>	<u>(579,033)</u>	<u>(70,524)</u>	<u>(424,496)</u>
December 31, 2023					
Non-derivative financial liabilities					
Trade payable (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)	52,412	(53,827)	(20,862)	(19,779)	(13,186)
	<u>\$ 998,577</u>	<u>(1,059,771)</u>	<u>(450,100)</u>	<u>(116,844)</u>	<u>(492,827)</u>

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

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(iii) Market risk

1) Currency risk

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

Unit: foreign currency in thousands

	December 31, 2024			December 31, 2023		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	\$	15,794 USD/NTD =32.781	517,743	12,880 USD/NTD =30.735		395,867
USD		7,332 USD/CNY =7.1884	240,350	9,008 USD/CNY =7.0974		276,832
CNY		18,077 CNY/NTD =4.560	82,436	20,136 CNY/NTD =4.330		87,189
Financial liabilities						
Monetary items						
USD		8,263 USD/NTD =32.781	270,869	8,149 USD/NTD =30.735		250,460
USD		6 USD/CNY =7.1884	197	132 USD/CNY =7.0974		4,057
CNY		5,846 CNY/NTD =4.560	26,658	2,523 CNY/NTD =4.330		10,925

The Group's exposure to foreign currency risk mainly arose from the translation of cash and cash equivalents, trade receivables (including related parties), other receivables, other current financial assets, trade payables and other payables (including related parties) denominated in foreign currency. Depreciation or appreciation of the USD and CNY against the functional currency by 5%, as of December 31, 2024 and 2023, with all other variables remained constant, would have increased or decreased the net loss before tax for the years then ended as follows:

	2024	2023
	(Increase) decrease net loss before tax	(Increase) decrease net loss before tax
USD (against the NTD)		
Appreciation 5%	\$ 12,344	7,270
Depreciation 5%	(12,344)	(7,270)
USD (against the CNY)		
Appreciation 5%	\$ 12,008	13,639
Depreciation 5%	(12,008)	(13,639)
CNY (against the NTD)		
Appreciation 5%	\$ 2,789	3,813
Depreciation 5%	(2,789)	(3,813)

As the Group deals in diverse functional currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2024 and 2023, the foreign exchange gain, including realized and unrealized portions, amounted to \$21,956 and \$10,287, respectively.

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2) Interest rate analysis

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

	Carrying amount	
	December 31, 2024	December 31, 2023
Variable rate instruments:		
Financial assets	\$ 138,517	613,068
Financial liabilities	(528,881)	(651,032)
	<u>\$ (390,364)</u>	<u>(37,964)</u>

The following sensitivity analysis is based on the risk exposure to interest rates of non-derivative financial instruments at the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25%, when reporting to management internally, which also represents the assessment of the 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 \$976 and \$95 for the years ended December 31, 2024 and 2023, respectively. This is 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:

	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	<u>\$ 6,915</u>	<u>14,147</u>	<u>5,421</u>	<u>6,353</u>
5% decrease	<u>\$ (6,915)</u>	<u>(14,147)</u>	<u>(5,421)</u>	<u>(6,353)</u>

(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

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liabilities) were as follows:

	December 31, 2024				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Private stocks	\$ 220,900	-	-	220,900	220,900
Domestic listed stocks	<u>62,035</u>	62,035	-	-	62,035
Subtotal	<u>282,935</u>				
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	138,298	138,298	-	-	138,298
Domestic bank green bonds - P13 Taipei Fubon Bank 3	100,019	-	100,019	-	100,019
Trade receivables	<u>320,068</u>	-	-	-	-
Subtotal	<u>558,385</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	871,191	-	-	-	-
Trade receivables (including related parties)	111,723	-	-	-	-
Other receivables (including related parties)	11,825	-	-	-	-
Other current financial assets	313,141	-	-	-	-
Guarantee deposits paid	<u>5,793</u>	-	-	-	-
Subtotal	<u>1,313,673</u>				
Total	<u><u>\$ 2,154,993</u></u>				
Financial liabilities measured at amortized cost:					
Secured bank loans (including current portion)	\$ 528,881	-	-	-	-
Trade payables (including related parties)	347,083	-	-	-	-
Other payables (including related parties)	114,574	-	-	-	-
Lease liabilities (including current and non-current)	<u>32,235</u>	-	-	-	-
Total	<u><u>\$ 1,022,773</u></u>				

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	Carrying amount	December 31, 2023			
		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	<u>110,529</u>	-	-	-	-
Subtotal	<u>218,939</u>				
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 current financial assets	305,700	-	-	-	-
Guarantee deposits paid	<u>5,545</u>	-	-	-	-
Subtotal	<u>1,794,718</u>				
Total	<u>\$ 2,140,707</u>				
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)	<u>52,412</u>	-	-	-	-
Total	<u>\$ 998,577</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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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 Taiwan 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 years ended December 31, 2024 and 2023.

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5) Reconciliation of level 3 fair values

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

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

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

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.

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Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss-Private stock	<ul style="list-style-type: none"> • Market Approach and Finnerty model are adopted at December 31, 2024 • Black-Scholes model and Finnerty model are adopted at December 31, 2023 	<ul style="list-style-type: none"> • Lack of market liquidity discount (18.18% and 24.82%, respectively, as of December 31, 2024 and 2023) 	<ul style="list-style-type: none"> • The higher the lack of market liquidity discount, the lower the fair value

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

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

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

(t) Financial risk management

(i) Overview

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

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

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

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consolidated financial statements.

(ii) Structure of risk management

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

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

(iii) Credit risk

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

1) Trade receivables and other receivables

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

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

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

2) Investments

The credit risks exposure in the bank deposits and other financial instruments were measured and monitored by the Group's finance department. Since the Group's

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transaction counterparties and the contractually obligated counterparties are banks and corporate organizations with good credits, there are no compliance issues, and therefore, no significant credit risk. As management actively monitors credit ratings and the Group can only invest in securities with high quality credit ratings, management does not expect any trading counterparty to be unable to fulfill its obligations.

3) Guarantees

The Group's policy is to provide financial guarantees only for subsidiaries with over 50% of their voting shares held by the Group. As of December 31, 2024 and 2023, no other guarantees were outstanding.

(iv) Liquidity risk

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

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

Bank loans are an important source of liquidity for the Group. As of December 31, 2024 and 2023, the Group's unused long-term and short-term credit lines were \$926,467 and \$965,820, respectively. Please refer to note 6(j) for details of the Group's unused credit lines.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable range, while optimizing the return.

1) Currency risk

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

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates and trading derivatives when necessary, to address short-term imbalances.

2) Interest rate risk

The Group borrowed funding at variable interest rates, which gave rise to cash flow risk.

3) Other market price risks

The Group is exposed to equity price risk due to the investments in listed equity

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securities.

(u) Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Group manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to repay debts and to distribute dividends in accordance to its plan. Management used the appropriate net debt/equity ratio to determine the most adequate capital structure of the Group. The Group aims to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio from time to time. The Group's liability-to-equity ratios at the end of each reporting period were as follows:

	December 31, 2024	December 31, 2023
Total liabilities	\$ 1,097,092	1,108,402
Less: Cash and cash equivalents	871,191	1,331,694
Net liabilities (assets)	<u>\$ 225,901</u>	<u>(223,292)</u>
Total equity	<u>\$ 3,033,760</u>	<u>3,150,714</u>
Net liability-to-equity ratio	<u>7%</u>	<u>- %</u>

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

(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 for the year ended December 31, 2024 and 2023, were as follows:

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

	January 1, 2024	Cash Flow	Non-cash changes		December 31, 2024
			Addition	Lease modifications	
Long-term borrowings (including current portion)	\$ 651,032	(122,151)	-	-	528,881
Lease liabilities (including current and non-current)	52,412	(20,656)	2,698	(2,219)	32,235
Total amount of liabilities arising from financing activities	<u>\$ 703,444</u>	<u>(142,807)</u>	<u>2,698</u>	<u>(2,219)</u>	<u>561,116</u>

	January 1, 2023	Cash Flow	Non-cash changes		December 31, 2023
			Addition	Lease modifications	
Long-term borrowings (including current portion)	\$ 887,335	(236,303)	-	-	651,032

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Lease liabilities (including current and non-current)	72,100	(19,931)	1,204	(961)	52,412
Total amount of liabilities arising from financing activities	<u>\$ 959,435</u>	<u>(256,234)</u>	<u>1,204</u>	<u>(961)</u>	<u>703,444</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:

Name of related party	Relationship with the Company
D-Link Corporation	Parent Company (Note1)
D-Link International Pte Ltd. (D-Link International)	Subsidiary of D-Link Corporation (Note1)
TeamF1 Networks Private Limited (TeamF1 India)	Subsidiary of D-Link Corporation
D-Link (Shanghai) Co.,Ltd. (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
TSG Sports Marketing Co., Ltd.	Other related party
Jia Jie Biomedical Co., Ltd.	Other related party
All Directors, general manager, and deputy general manager	Key management personnel

Note 1: D-Link Corporation acquired control of the Company on April 1, 2023, and changed from an individual with significant influence on the Company to the parent company of the Company from April 1, 2023.

- (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 were as follows:

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

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	
	2024	2023	December 31, 2024	December 31, 2023
D-Link Corporation	\$ -	178	-	-
Other related parties	1,716	17,444	-	5,788
	\$ 1,716	17,622	-	5,788

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 were as follows:

	Miscellaneous expenses		Other payables	
	2024	2023	December 31, 2024	December 31, 2023
D-Link Corporation	\$ 544	3,604	-	-
Other related parties	6,846	9,222	824	-
	\$ 7,390	12,826	824	-

(iv) Received from related parties

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

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deductions and other income, and the outstanding balances are as follows:

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

(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 a monthly basis, and the rental income (recorded as other income) for the years ended December 31, 2024 and 2023 were both amounted to \$2,371. As of December 31, 2024 and 2023, the relevant amounts have been recovered.

(d) Key management personnel transactions

Key management personnel's compensation comprised:

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

(8) Assets Pledged as security:

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

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

(9) Commitments and contingencies:

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

(10) Losses due to major disasters: None.

(11) Subsequent events:

On December 18, 2024, the Group signed a lease with its parent company, D-Link Corporation, for its office space, with lease term period beginning from January 1, 2025, to December 31, 2029. On February

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25, 2025, the Board of Directors approved the acquisition of right-of-use asset amounting to \$24,800.

(12) Other:

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

By item	By function	For the years ended December 31					
		2024			2023		
		Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits							
Salary		132,339	208,471	340,810	181,618	201,912	383,530
Labor and health insurance		15,101	16,911	32,012	21,048	17,046	38,094
Pension		6,190	11,664	17,854	8,280	11,293	19,573
Others		14,213	10,314	24,527	19,559	10,308	29,867
Depreciation		61,218	31,644	92,862	96,552	32,227	128,779
Amortization		6	2,625	2,631	67	3,401	3,468

(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 year ended December 31, 2024:

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

Note 1: The numbering is as follows:

(i) “0” represents the Company

(ii) Subsidiaries are numbered starting from “1”.

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

Note 3: According to each subsidiary’s “Procedures for Loans to Other Parties”, for other companies or entities having short-term financing needs, the amount of loan to a single entity shall not exceed 40% of the net worth reported in the latest financial statements as of December 31, 2024. For subsidiaries whose voting shares are 100% owned, directly or indirectly, by the parent company, or for the loans between subsidiaries, the preceding limit does not apply; however, the total amount of loans shall not exceed 40 % of the net worth reported in the latest financial statements as of December 31, 2024.

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

Note 5: The transactions above have already been eliminated in the consolidated financial statements.

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

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- (iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand shares

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				The highest holdings in the period		Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Shares/Units (thousands)	Highest Percentage of ownership (%)	
The Company	Stock-Harvatek Corporation	None	Non-current financial assets at fair value through profit or loss	6,000	-	14.46	-	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	-	0.4	5.40	Note 2
The Company	Private Stock-KING HOUSE CO., LTD.	Other related party	Non-current financial assets at fair value through profit or loss	5,000	220,900	3.16	220,900	5,000	3.16	Note 3
The Company	TMP Steel Corporation	Other related party	Non-current financial assets at fair value through other comprehensive income	855	23,172	0.86	23,172	855	0.86	
The Company	S-TECH CORP	Other related party	Non-current financial assets at fair value through profit or loss	1,232	35,543	0.53	35,543	1,232	0.53	
The Company	Domestic bank green bonds- P13 Taipei Fubon Bank 3	None	Non-current financial assets at fair value through other comprehensive income	-	100,019	-	100,019	-	-	Note 4
Qianjin Investment Co., Ltd.	D-Link Corporation	Parent Company	Non-current financial assets at fair value through other comprehensive income	5,434	138,298	0.90	138,298	5,434	0.90	
Qianjin Investment Co., Ltd.	TMP Steel Corporation	Other related party	Non-current financial assets at fair value through profit or loss	48	1,301	0.05	1,301	48	0.05	
Qianjin Investment Co., Ltd.	S-TECH CORP	Other related party	Non-current financial assets at fair value through profit or loss	70	2,019	0.03	2,019	70	0.03	

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.

- (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%

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

Note 1: The collection period of goods sold by the 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 268,941	3.62	-		74,973	-	

Note 1: Information as of January 25, 2025.

- (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			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Huge Castle Ltd.	Suzhou Soarnex Technology Co., Ltd	3	Research and development expenses	49,653 (CNY11,244)	Not significantly different from the payment to ordinary vendors	4%
1	Suzhou Soarnex Technology Co., Ltd	Huge Castle Ltd.	3	Revenue	49,653 (CNY11,244)	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.

- (b) Information on investees:

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The following is the information on investees for the year ended December 31, 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 December 31, 2024			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Huge Castle Ltd.	Samoa	Investment holding	295,006	295,006	9,330	100%	278,967	100.00%	(33,988)	(33,988)	Note 1
The Company	Qianjin Investment Co., Ltd.	Taiwan	Investment holding	270,000	270,000	27,000	100%	183,398	100.00%	3,254	3,254	Note 1
Less: Unrealized profits (losses) of affiliates								(52)				
								462,313			(30,734)	
Huge Castle Ltd.	Perfect Choice Co., Ltd.	Mauritius	Investment holding and trading	-	(16,261)	-	- %	-	100.00%	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%	48,108	100.00%	2,494	2,494	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 2025.

(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 December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumulated remittance earnings as in current period	Note
					Outflow	Inflow								
Cameo Technology Development (Shenzhen) Co., Ltd.	R&D for communications technology and products	-	Indirect investments in Mainland China through companies registered in a third region.	10,588 (USD 323)	-	-	10,588 (USD323)	NA	- %	-%	NA	Note 3	-	Note 3
WIDE VIEW Technology INC.	R&D, production, and sale of electronic components	-	"	21,734 (USD 663)	-	-	21,734 (USD663)	NA	- %	-%	NA	Note 4	-	Notes 4
Suzhou Soarnex Technology Co., Ltd	Software development and software services for computer information systems	22,064 (CNY5,000)	"	-	-	-	-	1,460	100%	100%	1,460	27,920	-	Notes 2 and 5

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(ii) Upper limit on investment in Mainland China:

(In thousands of New Taiwan Dollars/foreign currencies)

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

Note 1: The investment limit in Mainland China was calculated based on the official document No.006130 announced by the MOEAIC on November 16, 2001.

Note 2: The investment income (loss) was recognized based on the financial statements prepared by the subsidiaries and not audited by the CPA.

Note 3: Cameo Technology Development (Shenzhen) Co., Ltd. completed its liquidation and in March 2012, and the payment for shares of US\$177 thousand, was refunded to Huge Castle Ltd on November 28, 2013 with the approval of the Investment Commission, Ministry of Economic Affairs.

Note 4: WIDE VIEW TECHNOLOGY INC. completed its liquidation in September 2018, and the payment for shares of US\$740 thousand, was refunded to Luis Jo' se Investment Inc. on September 4, 2018 with the approval of the Investment Commission, Ministry of Economic Affairs.

Note 5: It was an investment by NETTECH TECHNOLOGY (SUZHOU) CO., LTD based in Mainland China through self-funding. In August 2019, NETTECH TECHNOLOGY transferred 100% of the shareholdings to Luis Jo' se Investment. NETTECH TECHNOLOGY (SUZHOU) CO., LTD has been liquidated and cancelled by a resolution of the board of directors in November 2022. The liquidation procedure had completed on August 31, 2023.

Note 6: The currency was translated into New Taiwan Dollars at the exchange rate of USD 1 to NTD 32.781 at the end of reporting period.

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 year ended December 31, 2024.

(d) Major shareholders:

Unit: Share

Shareholder' s Name	Shareholding	Shares	Percentage
D-Link Corporation		137,532,993	41.58%

(14) Segment information:

(a) General information

The Group allocates resources, and measures operating performance based on regular reviews made by chief operating decision makers. The Group is a single operating segment primarily engaged in the manufacture, processing, and trading of network system equipment and the components thereof. The disclosure of income (loss), assets, and liabilities is consistent with the preparation of the consolidated financial statements. Accounting policies for the operating segments correspond to those stated in note

CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

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(b) Information on products and services

Please refer to note 6(q) for the information on revenue from external customers.

(c) Geographic information

Segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

(i) Revenue from external customers:

<u>Geographic information</u>	<u>2024</u>	<u>2023</u>
Asia	\$ 667,845	1,420,529
Europe	181,871	559,868
United States	261,999	408,489
Others	72,573	150,468
	<u>\$ 1,184,288</u>	<u>2,539,354</u>

(ii) Non-current assets:

<u>Geographic information</u>	<u>2024</u>	<u>2023</u>
Taiwan	\$ 1,360,303	1,427,376
Mainland China	413	1,248
	<u>\$ 1,360,716</u>	<u>1,428,624</u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, other non-current assets, and refundable deposits paid, excluding financial instruments, net defined benefit assets, and deferred tax assets.

(d) Major customers

	<u>2024</u>		<u>2023</u>	
	<u>Amount</u>	<u>Percentage of total consolidated revenue(%)</u>	<u>Amount</u>	<u>Percentage of total consolidated revenue(%)</u>
KK	\$ 741,292	63	1,450,449	57
TR	161,791	14	249,307	10
PP	141,069	12	344,681	14
EE	40,614	3	281,767	11
	<u>\$ 1,084,766</u>	<u>92</u>	<u>2,326,204</u>	<u>92</u>