CyberTAN Technology Inc.
Parent Company Only Financial Report with Independent Auditors' Report
2023 and 2022
(Stock Code: 3062)

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Independent Auditors' Report

(2024) Cai-Shen-Bao-Zi No.23004798

To CyberTAN Technology Inc.:

Audit opinion

We have audited the standalone balance sheet of CyberTAN Technology Inc. (hereinafter referred to as the "CyberTAN") as at December 31, 2023 and 2022, the parent company only statement of comprehensive income, parent company only statement of changes in equity, and parent company only cash flow statement for the periods January 1 to December 31, 2023 and 2022, and the accompanying footnotes (including summary of major accounting policies).

In our opinion, based on our audit results and other independent auditors' report (please refer to the other matter section), all material disclosures of the parent company only financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and presented a fair view of the parent company only financial position of CyberTAN as at December 31, 2023 and 2022, and business performance and cash flow for the periods January 1 to December 31, 2023 and 2022.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the ROC Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. The personnel of the CPA Firm subject to the independence requirement have acted independently from the business operations of CyberTAN in accordance with the Code of Ethics for Professional Accountants of the Republic of China and with other responsibilities of the Code of Ethics performed. According to our audits and other independent auditors' report, we believe to have obtained sufficient and appropriate audit evidence in order to be used as the basis for the opinion.

Key audit matters

The "key audit matters" means that the independent auditor has used their professional judgment as the basis to audit the most important matters on the 2023 parent company only financial statements of CyberTAN. These matters were addressed in the content of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

The key audit matters of the 2023 parent company only financial statements of CyberTAN are described as follows:

Evaluation of allowance for inventory valuation loss

Item Description

Regarding the accounting policies for the inventory valuation, please refer to Note 4(12) to the parent company only financial report; for the uncertainty to accounting estimates and assumptions, please refer to Note 5(2) to the parent company only financial report; for description of inventory accounting titles, please refer to Note 6(5) to the parent company only financial report. The balances of valuation loss regarding the inventory and allowance for inventory on December 31, 2023 were NTD 150,044 thousand and NTD 1,896 thousand, respectively.

CyberTAN is mainly involved in the sale of communication products manufactured by the subsidiaries. The risk caused by loss on inventory devaluation or the obsolescence of inventory may be higher due to the short life cycle and severe market competition. Inventory is evaluated by CyberTAN and its subsidiaries on the basis of the cost and net realizable value, whichever is lower. The aforementioned loss of allowance for inventory valuation was mainly due to the inventory measured at the cost and net realizable value, whichever is lower, and identification of obsolescent or damaged inventory items. Because the large inventory amount and enormous items of CyberTAN and its subsidiaries as well as the objective judgments of the management concerned during the identification of obsolescent or damaged inventory belong to the field to be determined during the audit, we listed the evaluation of the loss of allowance for inventory valuation of CyberTAN and its subsidiaries as one of the important matters in the audit.

Responsive Audit Procedures

The responsive procedures executed by us for specific aspects specified in the preceding key audit matters are as follows:

1. Adopted the acquired allowance policy for inventory devaluation of CyberTAN and its subsidiaries during the comparative period of financial statements and evaluated the reasonableness of the allowance policy.
2. Acquired the net realizable value statement of inventory cost, randomly checked the related supporting documents, recalculated its accuracy, validated the appropriateness of the logic

of the inventory aging report system used for evaluation, conducted spot checks for individual inventory numbers to confirm the degree of inventory closeout and information, and evaluated the basis of the net realizable value estimated by the management and its reasonableness.

3. Checked related information acquired during inventory taking process and inquired the management and personnel related to inventory to confirm conditions of obsolescent, remaining, older, out-of-fashion or damaged inventory neglected in the inventory details.

Evaluation of the loss of accounts receivable

Item Description

Regarding the accounting policies for the loss evaluation of accounts receivable, please refer to Note 4(9) to the parent company only financial report; for the uncertainty to accounting estimates and assumptions regarding the loss evaluation of accounts receivable, please refer to Note 5(2) to the parent company only financial report; for description of accounts receivable accounting titles, please refer to Note 6(4) to the parent company only financial report. The balances of accounts receivable (including the related party) and its allowance loss on December 31, 2023 were NTD 973,273 thousand and NTD 7,476 thousand, respectively.

CyberTAN regularly assesses whether there is objective evidence implicating the impairment of individual accounts receivable. The assessment method includes the consideration of overdue ages of accounts receivable, customer's financial status, historical trading record, and subsequent collections. The Group also calculates the loss ratio based on past aging data statements and considers expected credit losses of industrial forward-looking evaluation to estimate the amount of loss allowance to be recognized. Because the estimation process involves the objective judgment of the management toward the preceding impairment evidence, the factor impacting the recognized amount of loss allowance tends to have high uncertainty, causing significant impact on the recoverable amount of accounts receivable. Therefore, we consider CyberTAN's evaluation of the impairment loss of accounts receivable as one of the important matters in the audit.

Responsive Audit Procedures

The responsive procedures executed by us for specific aspects specified in the preceding key audit matters are as follows:

1. Understand and evaluate the reasonableness of the allowance policy and procedure regarding the allowance loss of accounts receivables.

2. Acquire the aging data statement the management used to evaluate the expected credit loss ratio of accounts receivable, confirm its data source logic is consistently adopted and test relevant forms to confirm the correctness of its aging data.
3. Evaluate the reasonableness of the estimation used by management to evaluate the expected credit loss ratio of accounts receivable and acquire related supporting documents, including forward-looking adjustments, disputable accounts, status of lasting aging, subsequent collection status, financial status impacting the customer, and signs suggesting the customer is unable to pay as scheduled.

Other matters – Audit related to other CPAs

For the companies invested under equity method in the aforementioned parent company only financial statements of CyberTAN, we have not audited the financial statements which was prepared based on different financial report structure, instead other CPAs did. Therefore, our opinions expressed on the amount listed in said parent company only financial statements of such companies and related information disclosed in Note 13 were based on the other independent auditor' s report. The balances of the invested company under the equity method as of December 31, 2023 and 2022 were NTD 13,677 thousand and NTD 18,444 thousand, respectively. The comprehensive income recognized under the equity method for the said companies were NTD (3,919) thousand and NTD (17,728) thousand on January 1 to December 31, 2023 and 2022, respectively.

Responsibilities of Management and the Governance Unit with Governance of the Parent Company Only Financial Statements

The management is responsible for preparing the appropriate parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Report by Securities Issuers. Additionally, it is responsible for maintaining the internal control mechanism that is related to and necessary for the preparation of the parent company only financial statements. As a result, it can ensure material misstatement due to fraud or error is not pertained in the parent company only financial statements.

In preparing the parent company only financial statements, the management is also responsible for assessing the ability of CyberTAN to continue as a going concern, disclosing, as applicable, matters related to ongoing concerns and using the going concern basis of accounting unless management either intends to liquidate the CyberTAN or to cease operations, or there is a lack of any option except for liquidation or suspension.

The governance unit (including the audit committee) of CyberTAN is responsible for supervising the financial reporting process.

Independent Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that and audit conducted in accordance with the ROC auditing standards will always detect a material misstatement in the parent company only financial statements when it exists. Misstatement can arise from fraud or error. If fraud or errors are considered material, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the parent company only financial statements.

We exercise professional judgment and skepticism during the audit in accordance with the Auditing Standards of the Republic of China. We also:

1. Identify and assess the risk of material misstatement of the parent company only financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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. We acquire the necessary understanding of the internal control mechanism that is related to the audit to design an appropriate audit process for the situation at the time. The purpose of the knowledge is not to express opinions on the effectiveness of the internal control mechanism of CyberTAN.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.

4. Based on the acquired audit evidence, we decide whether the going concern accounting basis adopted by the management is suitable, whether events that might affect the going concern capacity of CyberTAN exist, and whether there is major uncertainty. A conclusion will be made afterwards. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause the CyberTAN to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of individual companies within the CyberTAN in order to express an opinion on the parent company only financial statements. The independent auditor is responsible for guiding, supervising, and implementing the individual audit of CyberTAN, and also for forming an audit opinion for the parent company only financial statements.

We communicate with the governance units 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 in charge of governance with a statement that we have complied with the Code of Ethics for Professional Accountants of the Republic of China 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).

The independent auditor has used the communications with the governing unit as the basis to determine the key audit matters to be performed on the 2023 parent company only financial statements of CyberTAN. We clearly state all above matters in the audit report, unless the law prohibits us to publicly disclose certain matters, or under rare circumstances we decide not to include certain matters in the audit report since we can reasonably expect the resulting negative impact is greater than the public interest they bring.

PricewaterhouseCoopers Taiwan

FENG-MIN CHUAN

CPA

HSU-YUNG CHIEN

Former Securities and Futures Bureau, Financial Supervisory Commission of Executive Yuan
Approval Reference No.: Jin-Guan-Zheng-Liu-Zi No. 0960038033
Former Securities and Futures Commission, Ministry of Finance
Approval Reference No.: (84)-Tai-Cai-Zheng-(Liu) No. 13377

March 11, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CyberTAN Technology Inc.
Parent Company Only Balance Sheet
December 31, 2023 and 2022

Unit: NTD thousand

	Assets	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,116,036	18	$ 712,594	10
1110	Financial assets measured at fair value through profit or loss - current	6(2)	1,613	-	-	-
1136	Financial assets measured at amortized cost – current	6(3) and 8	699,415	11	550,000	8
1170	Accounts receivable, net	6(4)	803,448	13	1,322,241	19
1180	Accounts receivable – the related party, net	6(4) and 7	162,349	3	652,969	9
1210	Other receivables- the related party	7	380,710	6	946,450	14
1220	Income tax assets in the current period		2,828	-	12,416	-
130X	Inventory	6(5)	148,148	3	101,662	1
1479	Other current assets – others		21,274	-	14,593	-
11XX	**Total current assets**		3,335,821	54	4,312,925	61
	Non-current assets					
1535	Financial assets measured at amortized cost -non-current	6(3) and 8	308,809	5	22,504	-
1550	Investment at equity method	6(6)	1,451,362	23	1,606,377	23
1600	Property, plant and equipment	6(7)	565,703	9	601,458	9
1755	Right-of-use assets	6(8) and 7	207,889	3	227,264	3
1780	Intangible assets		8,666	-	1,739	-
1840	Deferred income tax assets	6(26)	116,462	2	63,003	1
1990	Other non-current assets – others	6(10)	213,217	4	209,021	3
15XX	**Total non-current assets**		2,872,108	46	2,731,366	39
1XXX	**Total assets**		$ 6,207,929	100	$ 7,044,291	100

(To be continued)

CyberTAN Technology Inc.
Parent Company Only Balance Sheet
December 31, 2023 and 2022

Unit: NTD thousand

	Liabilities and equity	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities					
2100	Short-term loans	6(11)	$ 39,916	1	$ 449,955	7
2130	Contract liabilities – current	6(19)	48,601	1	54,820	1
2170	Accounts payable		800,155	13	1,001,387	14
2180	Accounts payable – the related party	7	36,607	-	19,541	-
2200	Other payables		170,411	3	103,277	2
2220	Other payables – the related party	7	7,969	-	3,356	-
2250	Liability reserve – current	6(14)	4,345	-	9,367	-
2280	Lease liabilities – current		17,516	-	17,889	-
2365	Refund liabilities – current		2,795	-	4,645	-
2399	Other current liabilities -others		87,397	1	75,865	1
21XX	**Total current liabilities**		1,215,712	19	1,740,102	25
	Non-current liabilities					
2550	Liability reserve – non-current	6(14)	8,594	-	9,144	-
2570	Deferred income tax liabilities	6(26)	6,431	-	5,573	-
2580	Lease liabilities – non-current		200,431	4	218,034	3
2600	Other non-current liabilities	7	6,832	-	6,571	-
25XX	**Total non-current liabilities**		222,288	4	239,322	3
2XXX	**Total liabilities**		1,438,000	23	1,979,424	28
	Equity					
	Capital stock	6(14)				
3110	Common stock		3,302,554	53	3,302,154	47
	Capital reserves	6(16)				
3200	Capital reserves		622,678	10	620,772	9
	Retained earnings	6(17)				
3310	Legal reserve		825,257	13	825,257	12
3320	Special reserve		162,392	3	122,154	2
3350	Undistributed earnings		28,086	-	393,963	5
	Other equity	6(18)				
3400	Other equity		(169,612)	(2)	(199,433)	(3)
	Treasury stocks	6(15)				
3500	Treasury stocks		(1,426)	-	-	-
3XXX	**Total equity**		4,769,929	77	5,064,867	72
	Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts	9				
	Significant Subsequent Events	11				
3X2X	**Total liabilities and equity**		$ 6,207,929	100	$ 7,044,291	100

Please refer to the notes of the parent company only financial statements, which constitute a part of the parent company only financial report.

Chairman: Gwong-Yih Lee　　Manager: Gwong-Yih Lee　　Accounting Officer: I-Wen Li

CyberTAN Technology Inc.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NTD thousand
(Except the unit of loss per share is NTD)

	Item	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	6(19) and 7	$ 3,800,028	100	$ 5,737,047	100
5000	Operating cost	6(5)(24)(25) and 7	(3,619,365)	(95)	(5,543,955)	(97)
5900	Operating gross profit		180,663	5	193,092	3
	Operating expense	6(24)(25) and 7				
6100	Selling expenses		(37,425)	(1)	(14,364)	-
6200	Administrative expenses		(97,842)	(3)	(86,723)	(2)
6300	R&D expenses		(275,382)	(7)	(249,355)	(4)
6450	Expected credit impairment gains (losses)	12(2)	12,166	-	(12,286)	-
6000	Total operating expenses		(398,483)	(11)	(362,728)	(6)
6900	Operating losses		(217,820)	(6)	(169,636)	(3)
	Non-operating revenue and expenses					
7100	Interest revenue	6(20)	25,112	1	10,998	-
7010	Other revenue	6(21) and 7	71,704	2	75,108	1
7020	Other gains and losses	6(22)	134,947	3	18,220	1
7050	Financial Costs	6(23) and 7	(8,906)	-	(23,891)	-
7070	Share of profit or loss of subsidiaries, affiliated companies and joint ventures recognized under the equity method	6(6)	(374,160)	(10)	(339,198)	(6)
7000	Total non-operating income and expense		(151,303)	(4)	(258,763)	(4)
7900	**Net profit before tax**		(369,123)	(10)	(428,399)	(7)
7950	Income tax benefits	6(26)	52,293	2	61,725	1
8200	**Current net loss**		($ 316,830)	(8)	($ 366,674)	(6)
	Other comprehensive income					
	Items not reclassified to profit or loss					
8311	Remeasurement of defined benefit plan	6(12)	$ 2,041	-	$ 5,438	-
8330	Share of other comprehensive income of subsidiaries, affiliated companies and joint ventures recognized under the equity method – items not reclassified to profit or loss	6(6)	(5,453)	-	(69,487)	(1)
8349	Income tax related to items not reclassified	6(26)	(408)	-	(1,088)	-
8310	Total of items not reclassified to profit or loss		(3,820)	-	(65,137)	(1)
	Items may be reclassified to profit or loss subsequently					
8361	Exchange difference in the financial statement translation of the foreign operation	6(18)	1,715	-	32,671	-
8380	Share of other comprehensive income of subsidiaries, affiliated companies and joint ventures recognized under the equity method – items may be reclassified to profit or loss	6(18)	562	-	12,912	-
8399	Income tax related to items may be reclassified	6(18)(26)	(343)	-	(6,535)	-
8360	Total of items may be reclassified to profit or loss subsequently		1,934	-	39,048	-
8300	**After-tax income of other comprehensive losses for the year**		($ 1,886)	-	($ 26,089)	(1)
8500	**Total comprehensive loss for the period**		($ 318,716)	(8)	($ 392,763)	(7)
	Basic losses per share					
9750	Total basic losses per share	6(27)	($ 0.97)		($ 1.12)	

Please refer to the notes of the parent company only financial statements, which constitute a part of the parent company only financial report.

Chairman: Gwong-Yih Lee Manager: Gwong-Yih Lee Accounting Officer: I-Wen Li

CyberTAN Technology Inc.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	Notes	Common stock	Capital reserves	Retained earnings			Other equity			Treasury stocks	Total
				Legal reserve	Special reserve	Undistributed earnings	Exchange difference in the financial statement translation of the foreign operation	Unrealized profit or loss of financial assets measured at fair value through other comprehensive income	Employees' unearned remuneration		
2022											
Balance at January 1, 2022		$ 3,286,054	$ 572,050	$ 821,042	$ 187,892	$ 701,395	($ 118,968)	($ 3,186)	$ -	$ -	$ 5,446,279
Current net loss		-	-	-	-	(366,674)	-	-	-	-	(366,674)
Other comprehensive income for the year	6(18)	-	-	-	-	12,425	39,048	(77,562)	-	-	(26,089)
Total comprehensive income for the year		-	-	-	-	(354,249)	39,048	(77,562)	-	-	(392,763)
Appropriation and allocation of earnings in 2021:	6(17)										
Allocated legal reserve		-	-	4,215	-	(4,215)	-	-	-	-	-
Reversal of special reserves		-	-	-	(65,738)	65,738	-	-	-	-	-
Allocation of cash dividends		-	-	-	-	(16,430)	-	-	-	-	(16,430)
Disposal of equity instruments measured at fair value in other comprehensive income	6(18)	-	-	-	-	1,856	-	(1,856)	-	-	-
Issuance of new restricted employee shares	6(13)(15)(16)(18)	16,100	28,392	-	-	-	-	-	(44,492)	-	-
Share-based payment for remuneration	6(13)(18)	-	-	-	-	-	-	-	7,451	-	7,451
Changes in equity of affiliated companies are not recognized in accordance with the shareholding percentage	6(6)(16)	-	20,459	-	-	-	-	-	-	-	20,459
Disposal of investments accounted for using the equity method	6(16)(18)	-	(129)	-	-	(132)	-	132	-	-	(129)
Balance at December 31, 2022		$ 3,302,154	$ 620,772	$ 825,257	$ 122,154	$ 393,963	($ 79,920)	($ 82,472)	($ 37,041)	$ -	$ 5,064,867

(To be continued)

CyberTAN Technology Inc.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

				Retained earnings			Other equity				
	Notes	Common stock	Capital reserves	Legal reserve	Special reserve	Undistributed earnings	Exchange difference in the financial statement translation of the foreign operation	Unrealized profit or loss of financial assets measured at fair value through other comprehensive income	Employees' unearned remuneration	Treasury stocks	Total
2023											
Balance at January 1, 2023		$ 3,302,154	$ 620,772	$ 825,257	$ 122,154	$ 393,963	($ 79,920)	($ 82,472)	($ 37,041)	$ -	$ 5,064,867
Current net loss		-	-	-	-	(316,830)	-	-	-	-	(316,830)
Other comprehensive income for the year	6(18)	-	-	-	-	186	1,934	(4,006)	-	-	(1,886)
Total comprehensive income for the year		-	-	-	-	(316,644)	1,934	(4,006)	-	-	(318,716)
Appropriation and allocation of earnings in 2022:	6(17)										
Allocated special reserve		-	-	-	40,238	(40,238)	-	-	-	-	-
Repurchase of treasury shares	6(15)	-	-	-	-	-	-	-	-	(17,573)	(17,573)
Transfer of treasury stock to employees	6(15)	-	-	-	-	-	-	-	-	16,147	16,147
Issuance of new restricted employee shares	6(13)(15)(16)(18)	1,300	1,364	-	-	-	-	-	(2,664)	-	-
Revocation of restricted employee shares	6(13)(15)(16)(18)	(900)	(1,175)	-	-	-	-	-	2,075	-	-
Share-based payment for remuneration	6(13)(18)	-	-	-	-	-	-	-	23,487	-	23,487
Changes in equity of affiliated companies are not recognized in accordance with the shareholding percentage	6(6)(16)	-	10,953	-	-	-	-	-	-	-	10,953
Disposal of investments accounted for using the equity method	6(16)(18)	-	(9,236)	-	-	(8,995)	-	8,995	-	-	(9,236)
Balance at December 31, 2023		$ 3,302,554	$ 622,678	$ 825,257	$ 162,392	$ 28,086	($ 77,986)	($ 77,483)	($ 14,143)	($ 1,426)	$ 4,769,929

Please refer to the notes of the parent company only financial statements, which constitute a part of the parent company only financial report.

Chairman: Gwong-Yih Lee　　Manager: Gwong-Yih Lee　　Accounting Officer: I-Wen Li

CyberTAN Technology Inc.
Parent Company Only Statement of Cash Flow
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	Notes	January 1 to December 31, 2023	January 1 to December 31, 2022
Cash flow from operating activities			
Net loss before tax for the period		($ 369,123)	($ 428,399)
Adjustment items			
Income/expenses items without impact on cash flow			
Depreciation expenses	6(24)	45,714	45,295
Miscellaneous expenses – depreciation expenses	6(22)	20,694	20,533
Amortization expenses	6(24)	4,590	1,950
Expected credit impairment (gains) losses	12(2)	(12,166)	12,286
Interest expenses	6(23)	8,906	23,891
Miscellaneous expenses - Interest expenses	6(22)	2,180	2,334
Interest revenue	6(20)	(25,112)	(10,998)
Net loss from financial assets at fair value through profit or loss	6(2)(22)	24,982	-
Share-based payment for remuneration	6(13)	23,487	7,451
Share of losses of from subsidiaries, affiliated companies and joint ventures recognized under the equity method	6(6)	374,160	339,198
Gains on disposal of investment accounted for using equity method	6(6)(22)	(208,691)	(4,039)
Changes of assets/liabilities related to operating activities			
Net changes of assets/liabilities related to operating activities			
Financial assets measured at fair value through profit or loss		(26,595)	-
Accounts receivable		530,959	(613,314)
Accounts receivable – the related party		490,620	(334,884)
Other receivables- the related party		565,740	(741,495)
Inventory		(46,486)	3,558
Other current assets – others		(4,505)	(5,124)
Other non-current assets		(2,185)	(327)
Net changes of liabilities related to operating activities			
Contract liabilities – current		(6,219)	21,436
Accounts payable		(201,232)	520,252
Accounts payable – the related party		17,066	(54,466)
Other payables		70,427	12,217
Other payables – the related party		4,613	(1,722)
Refund liabilities – current		(1,850)	2,494
Liability reserve		(5,572)	4,043
Other current liabilities -others		11,532	44,812
Cash inflow (outflow) from operations		1,285,934	(1,133,018)
Income tax received (paid)		8,530	(1,064)
Net cash inflow (outflow) from operating activities		1,294,464	(1,134,082)
Cash flow from investing activities			
Acquisition/disposal of financial assets measured at amortized cost – current		(435,721)	638,332
Acquisition of investment under equity method	6(6)	(343,865)	(95,511)
Proceeds from disposal of investment under equity method	6(6)	331,103	6,125
Cash dividend distributed by affiliated companies recognized under the equity method	6(6)	849	2,445
Acquisition of property, plant, and equipment	6(7)	(11,652)	(38,233)
Disposal of property, plant, and equipment proceeds	6(7)	-	1,594
Acquisition of intangible asset		(11,517)	(3,689)
Interest received		22,965	11,030
Net cash (outflow)inflow from investing activities		(447,838)	522,093
Cash flow from financing activities			
Decrease in short-term loans		(410,038)	(120,495)
Increases (decrease) in guarantee deposits		262	(419)
Repayment of lease principal	6(28)	(17,603)	(17,793)
Allocation of cash dividends	6(17)	-	(16,430)
Interest paid		(14,379)	(21,053)
Cost of the repurchase of treasury shares	6(15)	(17,573)	-
Employee purchase of treasury shares	6(15)	16,147	-
Net cash outflow from financing activities		(443,184)	(176,190)
Increase (decrease) in cash and cash equivalents in the current period		403,442	(788,179)
Balance of cash and cash equivalents, beginning		712,594	1,500,773
Balance of cash and cash equivalents, ending		$ 1,116,036	$ 712,594

Please refer to the notes of the parent company only financial statements, which constitute a part of the parent company only financial report.

Chairman: Gwong-Yih Lee　　Manager: Gwong-Yih Lee　　Accounting Officer: I-Wen Li

CyberTAN Technology Inc.
Notes to Parent Company Only Financial Statements
2023 and 2022

Unit: NTD thousand
(Unless otherwise specified)

I. Company History and Business Scope

CyberTAN Technology Inc. (hereinafter referred to as the "the Company") was established in the Republic of China. We mainly engaged in wired communication mechanical equipment manufacturing, electronic components manufacturing, and the R&D, development and sales of broadband Internet routers, gateways, virtual private networks, firewalls, Layer 3 and Layer 4 switches, wired broadband network security router and wireless broadband network security router.

II. Approval Date and Procedures of the Financial Statements

The parent company only financial report was released after being approved by the board of directors on March 11, 2024.

III. New Standards, Amendments, and Interpretations Adopted

(I) Effect of adopting the new promulgated or amended IFRS endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The following table sets forth the standards and interpretations of new releases, amendments, and amendments of the IFRSs applicable in 2023 that were approved and promulgated by the FSC:

New, Amended, or Revised Standards and Interpretations	Effective Date per IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 regarding "Deferred income tax relating to assets and liabilities arising from a single transaction"	January 1, 2023
Amendments to IAS No. 12 "International Tax Reform – Pillar 2 Template"	May 23, 2023

The Company evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Company.

(II) The impact of not yet adopting the new and revised IFRSs recognized by the FSC

The following table summarizes the standards and interpretations for the new releases, amendments, and revisions of the IFRSs applicable in 2024 as approved by the FSC:

New, Amended, or Revised Standards and Interpretations	Effective Date per IASB
Amendments to IFRS 16, "Lease Liabilities in a Sale and Leaseback"	January 1, 2024
Classification of liabilities as current or non-current (Amendments to IAS 1)	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contractual clauses"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Business Financing Arrangements on January 1, 2024"	January 1, 2024

The Company evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Company.

(III) Impacts of IFRSs issued by the IASB but not yet endorsed by the FSC

The following table summarizes the standards and interpretations of new releases, amendments, and amendments to the IFRSs issued by the IASB but not yet endorsed by the FSC:

New, Amended, or Revised Standards and Interpretations	Effective Date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be decided by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

The Company evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Company.

IV. Summary of Significant Accounting Policies

The major accounting policies applied to prepare the parent company only financial statements are as follows. Unless otherwise provided, the policies have been applied during all the presentation period.

(I) Compliance Statement

The present company only financial report has been duly worked out in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers.

(II) Basis of preparation

1. Except the following important items, the parent company only financial report has been duly prepared on the basis of historical costs:
   (1) Financial assets (including derivatives) measured at fair value through profit or loss based on fair value.
   (2) Defined benefit assets stated based on the net after pension fund assets less the present value of defined benefit obligations.

2. The preparation of financial statements in compliance with the International Financial Reporting Standards and International Accounting Standards and Interpretations and Interpretations (hereinafter referred to as IFRSs) endorsed and issued into effect by the FSC requires the use of some important accounting estimates. In the process of applying the Company's accounting policies, it also requires management. Please refer to Note 5 for details that involve high level of judgment or complexity, or significant assumptions and estimates in the parent company only financial statements.

(III) Translation of foreign currency

Each item listed in the parent company only financial statements of the Company is measured by the currency of the primary economic environment in which the business department is situated (i.e. functional currency). The parent company only financial report was prepared in the Company's functional currency, "NTD."

1. Foreign currency transaction and balance

   (1) Foreign currency transaction converts the conversion difference generated by the transaction to functional currency adopting the spot exchange rate on the date of transactions or measurement date and recognizes the difference as current profit or loss.

   (2) The monetary assets and balance of liabilities in foreign currency are adjusted based on the spot exchange rate evaluation on the balance sheet date and the conversion difference generated by adjustment is recognized as current profit or loss.

   (3) For non-monetary assets and balance of liabilities in foreign currency, those measured at fair value through profit or loss are adjusted based on the spot exchange rate evaluation on the balance sheet date and the conversion difference generated by the adjustment is recognized as current profit or loss. Those measured at fair value through other comprehensive income are adjusted based on the spot exchange rate evaluation on the balance sheet date and the conversion difference generated by the adjustment is recognized as another comprehensive income item. Those not measured at fair value are measured at the historical exchange rate on the initial transaction date.

   (4) All exchange gain or loss is listed in "Other Profit and Loss" of profit and loss statement.

2. Translation of the foreign operation

   (1) For all Company's entities, affiliated companies and joint agreements with differences in functional currency and presentation currency, the business result and financial status is converted to presentation currency by the following method:

      A. The assets and liabilities presented in each balance sheet were translated based on the exchange rates closed on every balance sheet date;

      B. The profits and losses presented in each statement of comprehensive income were translated in accordance with the average exchange rates in current period; and

      C. All resulting exchange differences were recognized under other comprehensive income.

   (2) When the foreign operation for partial disposal or selling is a subsidiary, the accumulated exchange differences recognized under other comprehensive income are reattributed proportionally as non-controlling equity of the subsidiary. However, when the Company maintains partial rights of the former subsidiary but loses the control over the subsidiary included in the foreign operation institutions, it is conducted based

on the disposal of all equity in the foreign operation institutions.

(IV) Classification of assets and liabilities as current and non-current

1. Assets that match any of the following conditions shall be classified as current assets:
   (1) Assets expected to be realized, intent to be sold or consumed over the normal operating cycles.
   (2) Primarily for trading purposes.
   (3) Assets expected to be realized within 12 months after the balance sheet date.
   (4) Assets in cash or cash equivalents, except for those that are used for an exchange or to settle a liability, or otherwise remain restricted for more than 12 months after the balance sheet date.

   The Company listed all assets that did not comply with the following conditions as non-current assets.

2. Assets that match any of the following conditions shall be classified as current liabilities:
   (1) Liabilities expected to be settled in normal business cycle.
   (2) Primarily for trading purposes.
   (3) Liabilities expected to be settled within 12 months after the balance sheet date.
   (4) Liabilities with settlement period which cannot be unconditionally deferred for at least 12 months after the date of the balance sheet. Liabilities under the terms that give counterparties the option to repay in the form of equity instruments and without the effect on their classification due to such terms.

   The Company listed all assets that did not comply with the following conditions as non-current liabilities.

(V) Cash equivalents

Cash equivalent includes short-term and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value. The time deposits that fall into the above definition and are intended to satisfy the short-term cash commitment shall be classified as cash equivalents.

(VI) Financial assets measured at fair value through profit or loss

1. This refers to financial assets not measured at amortized cost or measured at fair value through other comprehensive income.
2. The Company adopts the trade date accounting for financial assets in accordance with the general trade practice measured at fair value through profit or loss.
3. It is initially recognized at fair value by the Company while the transaction cost is recognized in profit or loss upon incurred. Subsequent valuation is based on the fair value measurement and the resulting gain or loss is recognized as profit or loss.

(VII) Financial assets measured at amortized cost

1. This refers to those meeting the following conditions at the same time:
   (1) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

(2) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. The Company adopts the trade date accounting for financial assets in accordance with the general trade practice measured at amortized cost.
3. The time deposit not complying with cash equivalents held by the Company is measured at investment amount since the impact of discounting was insignificant.

(VIII) Accounts receivable

1. This refers to accounts from the rights to receive consideration without any condition due to commodity transfer or labor service based on contract agreement.
2. This belongs to short-term accounts receivable with unpaid interest. The invoice payable was measured at the initial per value by the Company since the impact of discounting was insignificant.

(IX) Impairment of financial assets

For debt instrument investment measured at fair value through other comprehensive income, financial assets measured at amortized cost and accounts receivable that comprise material financial parts, after taking reasonable and supporting materials into consideration (including forward-looking ones) on each balance sheet date, the Company measures the loss allowance based on 12-month expected credit losses for those without a significant increase in credit risk after initial recognition; for those with a significant increase in credit risk after initial recognition, the loss allowance is measured based on the amount of the expected credit losses throughout the duration; for accounts receivable excluding material financial parts, the allowance loss is measured at the amount of the expected credit losses throughout the duration.

(X) Derecognition of the financial assets

The Company will derecognize financial assets only in the event where the interests on a contract for financial assets-based cash flow ceased to be effective.

(XI) Lease transactions of lessor – operating lease

The lease income from operating lease deducting any given incentives of the lessee is amortized and recognized as current profit or loss under straight-line method over the lease period.

(XII) Inventory

Inventories are measured at the lower of cost or net realizable value while the cost is determined by weighted average method. The cost of finished product and goods in process includes material, direct manpower, other direct costs and manufacturing expenses related to production (amortized based on normal productivity) without loan cost. The item-by-item comparison method is adopted when comparing the cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in ordinary course of business less the estimated cost of completion and the estimated cost of sales balance.

(XIII) Investment/subsidiaries and affiliated companies under the equity method

1. Subsidiaries mean the entities controlled by the Company. When the Company is exposed to changes in the remuneration participated by the entities or is entitled to changes in remuneration, and is able to influence the remuneration by virtue of its power

over the entities, the Company is considered to be controlling the entities.

2. Unrealized gains and losses on transactions between the Company and subsidiaries were written off. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The shares of profit or loss acquired from subsidiaries by the Company were recognized as current profit or loss and shares of other comprehensive income were recognized as other comprehensive income. In the event that the shares of loss in the subsidiaries recognized by the Company are equal to or greater than its equity in the subsidiaries, the Company will continue to recognize the losses based on the shareholding ratio.
4. The affiliated companies refer to the entity in which the Company has significant impact upon and often holds more than 20% of voting shares directly or indirectly. The investment of the Company in the affiliated companies adopts the equity method for disposal and is recognized based on cost upon acquisition.
5. The shares in profit or loss acquired from affiliated companies by the Company was recognized as current profit or loss and shares of other comprehensive income was recognized as other comprehensive income. In the event that the Company's shares of loss in the affiliated companies is equal to or exceed its equity in the affiliated companies (including other unsecured receivables), the Company does not recognize further losses, unless in the event of occurrence of legal obligations, presumed obligations or within the scope that the Company made payment on behalf of the affiliated companies.
6. When changes to equity irrespective of profit and loss or comprehensive income occur to affiliated companies with no impact on the shareholding ratio of the Company, all of changes in equity will be recognized as "capital reserves" based on the shareholding ratio by the Company.
7. The unrealized profit or loss deriving from the transactions between the Company and the affiliated companies were written off based on the equity ratio of the affiliated companies; the unrealized loss was written off unless the evidence displayed the impairment of transferred assets in such transaction. Accounting policies of the affiliated companies have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
8. When the Company forfeits its material influence over the affiliated companies, if the Group disposes of the affiliated companies, the accounting treatment for the values related to the affiliated companies as stated in other comprehensive income previously is identical to the basis for the Company's direct disposition of related assets or liabilities. Namely, if the gain or loss stated in other comprehensive income previously would be reclassified into income when the related assets or liabilities are disposed of, the gain or loss shall be reclassified into income from equity when the Company has no significant impact on the affiliated companies. Provided that where it still has material influence over the affiliated companies, the amount previously recognized in other comprehensive income is transferred according to the method stated above based on the proportion.
9. According to the regulations of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current income and other comprehensive income as presented in the parent company only financial statements shall be identical with the current income and other comprehensive income attributable to the proportion allocated

to the parent shareholder as presented in the financial statement prepared on the basis of consolidation. The shareholders' equity as presented in the parent company only financial statements shall be identical with the parent shareholders' equity as presented in the financial statement prepared on the basis of consolidation.

(XIV) Property, plant and equipment

1. Property, plant and equipment is accounted at acquisition cost at initiation and the relevant interest is capitalized during the purchase and construction period.
2. The subsequent cost is included in the book value of assets or recognized as single asset only when future economic benefits related to such item will probable inflow to the Company and the cost of such item can be measured reliably. The book value of the replaced part shall be derecognized. All other repair expenses are recognized as profit or loss upon occurring.
3. The subsequent measurement of property, plant, and equipment adopts the cost model and the depreciation is calculated over the estimated useful lives in accordance with the straight-line method. The property, plant and equipment are depreciated and for each and every major part individually.
4. The Company at least reviews the residual value, estimated useful years and depreciation method of each asset at the end of each fiscal year. If the expected values of the residual value and useful years are different from the previous estimate or the expected consumption pattern used in future economic benefits of such an asset has significant changes, it is conducted based on the accounting estimate of IFRS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" since the date of change. The useful life of each asset are as follows:

House and buildings	3–41 years
(The useful life of interior construction is 3–10 years)	
Machinery and equipment	3–10 years
Transportation equipment	5 years
Office equipment	2–10 years
Other equipment	2–5 years

(XV) Lease transactions of lessee – right-of-use assets/lease liabilities

1. The lease asset is recognized as right-of-use assets and lease liabilities upon the date available for use by the Company. When the lease contract is a short-term lease or a low-valued underlying asset lease, the lease payment is recognized as expenses on a straight-line method within the lease period.
2. The unpaid lease payment is recognized as lease liability based on present value discounted at the Company's incremental borrowing rate of interest on the start date of lease. The lease payment belongs to fixed payment deducting any received lease incentives.

   Subsequently, it is measured at the amortized cost under the interest method, and the interest expense are recognized during the lease period. When changes in lease term or lease payment is not caused by contract modification, lease liabilities will be reevaluated and the remeasurement will be used to adjust right-of-use assets.
3. The right-of-use assets are recognized based on the cost on the starting date of the lease, the cost includes:

(1) The original measured amount of lease liability;
(2) Any lease payment paid before or on the starting date;
(3) Initial direct costs incurred.

The subsequence is measured by cost model and the right-of-use assets provide depreciation from the starting date of lease, up to the durable life expires or the lease period expires, the earlier prevails. When the lease liabilities are reassessed, the right-of-use assets will adjust any remeasurement of the lease liabilities.

(XVI) Intangible assets

Computer software

The computer software is recognized by acquisition cost and is amortized under straight-line method based on 1 years of useful life.

(XVII) Impairment of non-financial assets

The Company will estimate the recoverable amount of the assets which show signs of impairment on the balance sheet date, and an impairment loss will be recognized if the recoverable amount falls below the asset's face value. The recoverable amount is the fair value of an asset less the disposition cost or the use value, whichever is higher. Impairment loss recognized in previous years on assets may be reversed if the basis of impairment no longer exists or is reduced. Notwithstanding, the increase in book value of the asset resulting from the reversal must not exceed the face value of the asset less depreciation or amortization without impairment.

(XVIII) Loans

This refers to the short-term amounts borrowed from the bank. Loans of the Company is measured based on the fair value less trading cost at the time of initial recognition. The subsequent measurement of any difference between the price lessing trading cost and redemption value, its interest expenses shall be recognized in profit or loss based on amortized procedure under effective interest method within the outstanding period.

(XIX) Accounts payable

1. This means debt generated from the purchase of materials, commodities or labor services on credit.
2. This belongs to short-term accounts payable with unpaid interest. The invoice payable was measured at the initial per value by the Company since the impact of discounting was insignificant.

(XX) Derecognition of the financial liabilities

The Company will have the financial liabilities derecognized when the contractual obligation is performed, discharged, or expired.

(XXI) Offsetting of financial assets and liabilities

The financial assets and liabilities may be offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts of the financial assets and liabilities and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXII) Liability reserve

The reserve for warranty liabilities shall be recognized when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The reserve for liabilities is measured by the best estimated present value paid to settle the obligation on the balance sheet date. The discount rate adopts the pre-tax discount rate that reflects the specific risk assessment of the current market toward the time value of money and the liabilities. The discounted amortization is then recognized as interest expenses. The future operating loss shall not be recognized in the reserve for liabilities.

(XXIII) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at non-discounted amount expected to be paid, and stated as expenses when the relevant services are provided.

2. Pension

   (1) Defined appropriation plan
   Under the defined contribution plan, every contribution made to the pension fund is recognized as pension cost in the period occurred using the accrual basis. The prepaid contribution may be stated as assets, insofar as it may be refunded in cash or the future payment is reduced.

   (2) Defined benefit plan
   A. The net obligation under the defined benefit pension plan is converted to the present value based on the future benefit earned from the services provided by the employees under various benefit plans in the current period or in the past, and the present value of defined benefit obligations on the balance sheet date less the fair value of the planned assets. An actuary uses the Projected Unit Credit Method to estimate defined benefit obligations each year. The discount rate is based on the market yield rate of government bonds (on the balance sheet date) that have the same currency exposure and maturity date as the obligations on the balance sheet date.

   B. The remeasurement generated from the defined benefit plan is stated as other comprehensive income in the period when it is incurred, and presented in the retained earnings.

3. Remuneration to employees and directors

   The remuneration to employees and directors/supervisors shall be recognized as expenses and liabilities only when legal or constructive obligation and the value thereof may be estimated reasonably. Subsequently, if the actual distributed amount resolved is different from the estimate, the difference shall be treated as a change in accounting estimate. If the remuneration to employees is paid with stock shares, the basis for calculating the number of shares shall be the closing price on the day preceding the day of resolution made by the shareholders' meeting.

(XXIV) Employees' share-based payment for remuneration

New restricted employee shares:

1. Remuneration costs are recognized over the vesting period on the basis of the fair value of the equity instrument given on the grant date.

2. If the right to participate in the distribution of dividends is not restricted, and employees

do not need to return the dividends they have received if they resign during the vested period, then on the date of dividend declaration, the part of dividends to employees who are expected to resign during the vested period is recognized as remuneration cost according to the fair value of the dividends.

3. Employees do not have to pay the price to acquire new restricted employee shares. If the employee resigns during the vested period, the Company will buy back the shares at the price paid, in accordance with the terms and conditions of the issuance regulations. The estimated price to be paid will be recognized as compensation costs and liabilities on the grant date.

(XXV) <u>Income Tax</u>

1. The income tax expenses consist of current income tax and deferred income tax. The income tax is recognized in the profit or loss except for the income taxes relevant to the items that are recognized under other comprehensive income or directly counted into the items of equity, which are recognized under other comprehensive income or directly counted into equity respectively.
2. The Company calculates the income tax related to the current period based on the statutory tax rate or tax rate substantially enacted in the countries where the Company is operating and generating taxable income on the balance sheet date. The management shall evaluate the status of the income tax return within the statutory period defined by the related income tax laws, and shall be responsible for the income tax expected to be paid to the tax collection authority. Income tax will be levied on any undistributed earnings. This will be stated in the year following the year in which the earnings were generated, once the motion for allocation of earnings is approved at a shareholders' meeting.
3. Deferred tax is stated based on the temporary differences between taxation basis for assets and liabilities and the face value thereof on the parent company only balance sheet using the balance sheet method. The deferred income tax liabilities resulting from the initial recognition of goodwill shall not be recognized. The deferred income tax resulting from the initial recognition of assets or liabilities in a transaction (exclusive of business merger) shall not be recognized, insofar as the accounting profit or taxable income (taxable loss) is not affected by the transaction. All taxable provisional differences generated from investment in subsidiaries and affiliated companies, of which the time of reverse is controllable by the Company and which is not likely to be reversed in the foreseeable future, shall not be recognized. The deferred income tax assets and liabilities are measured at the tax rate in the current period of which the assets are expected to be realized or liabilities to be repaid. The tax rate shall be based on the tax rate and tax laws already legislated or substantially legislated at the end of the reporting period.
4. Deferred income tax assets shall be recognized, insofar as temporary difference is very likely to credit against future taxable income, and deferred income tax assets which are recognized and unrecognized shall be reevaluated on each balance sheet date.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against

current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

6. Unused tax credits derived from purchase of equipment or technology, R&D expenditure and equity investment can be added to deductible temporary differences and recognized as deferred tax assets, to the extent that the Company is likely to earn taxable income to offset against.

(XXVI) Capital stock

Common share is classified as equity. The net amount directly attributable to new shares issuing or additional cost of stock option is recognized as deduction of proceeds in the equity after deducting income tax.

(XXVII) Allocation of dividends

The dividends allocated to the Company's shareholders are recognized in the financial report upon allocation of dividends resolved by the shareholders' meeting of the Company. The distributed cash dividend is recognized as a liability and the distributed stock dividend is recognized as a stock dividend to be distributed and reclassified as common shares on the date of new share issuance.

(XXVIII) Recognition of revenue

1. Sale of goods

(1) The Company researches and develops, manufactures and sells products related to wire communication and wireless broadband network. The sales revenue is recognized upon the transfer of product control to the customer, i.e. the timing when the product is delivered to the buyer, the buyer has the discretionary power regarding the selling channels and prices of product and the Company has no unfulfilled contract obligations that may affect the reception of such product by the buyer. When the product is delivered to the specified location, the risk of obsolescence and loss is transferred to the buyer and the buyer accepts the product based on the sales contract or there is objective evidence indicating all acceptance standards has been met, the commodity delivery is thus completed.

(2) The sales revenue of communication products is recognized by net amount of contract price deducting estimated sales discount. Generally, the sales discount for the customer is calculated based on accumulated sale volume of 12 months. The Company adopts expected value method to estimate sales discount based on historical experience. The revenue amount is recognized only within the scope of height may not result in significant reversal and the estimate is updated on each balance sheet date. As of the balance sheet date, the estimated sales discount payable to the customer related to the sales is recognized as refund liabilities. The collection conditions of trading are agreed based on general business trading mode.

(3) The Company provides standard warranty for products sold and has responsibility to provide refund for products with defect, which is recognized in reserve for liabilities upon sales.

(4) The accounts receivable is recognized upon the delivery of product to the customer because the Company has unconditional rights to contract proceeds since that timing and can collect consideration from the customer after that time.

2. Cost of acquiring customer contract

The Company expected to recover the additional cost generated from the acquisition of customer contract. However, the related contract term is less than one year so such cost shall be recognized in expenses when incurred.

(XXIX) Government grants

The government subsidies shall be stated at fair value when it is reasonable to ensure that an enterprise will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively. If the government subsidies, in nature, are intended to compensate the expenses incurred by the Company, the government subsidies shall be stated as the current income on a systematic basis when the related expenses are incurred.

V. Major Sources of Uncertainty in Significant Accounting Judgments, Estimates, and Assumptions

When preparing the parent company only financial report of the Company, the management decided the adopted accounting policy by their judgment and made accounting estimates and assumptions based on the reasonable expectation toward future events subject to current circumstances on the balance sheet date. The actual results might be different from the major accounting estimates and assumptions, so the historical experience and other factors will be considered for constant evaluation and adjustment. The risk description of the assumptions and estimates which may cause major adjustments to the book amount of assets and liabilities in the following financial year. The Company has taken into account the economic impact of COVID-19 in its critical accounting estimates and will continue to evaluate the impact of COVID-19 on its financial position and performance. The following are the description of uncertainty to significant accounting judgments, estimates and assumptions:

(I) Significant judgments on choice of accounting policy

None.

(II) Accounting estimates and assumptions

1. Valuation of inventory

Inventory shall be evaluated on the basis of the lower of the cost and net realizable value. As a result, the Company must make judgment and estimate to determine the net realizable value of the inventory on the balance sheet date. Due to the repaid transformation of technology, the Company assesses the amount of normal wearing out and phasing out of inventory or inventory with no market price and writes off the cost of inventory from net realizable value on the balance sheet date. The valuation of inventory is mainly estimated according to the product demand within a certain period in the future, therefore significant changes may occur.

As of December 31, 2023, the book value of the Company's inventory was NTD 148,148.

2. Evaluation of the loss of accounts receivable

During the evaluation process for the impairment of accounts receivable, the Company uses the overdue ages of accounts receivable, customer's financial status, historical trading record and subsequent collections as the basis. The Company also calculates loss ratio based on past aging data statement and considers the industrial forward-looking evaluation to estimate credit loss rate. This requires subjective judgment and the reserve matrix as the basis to estimate the possible credit loss.

As of December 31, 2023, the book value of accounts receivable (including the related party) after recognizing the credit loss by the Company was NTD 965,797.

VI. Explanation of Important Accounting Titles

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working fund	$ 292	$ 542
Current deposit	104,202	160,942
Time deposit	522,353	301,000
Cash equivalents – repurchase bonds	489,189	250,110
Total	$ 1,116,036	$ 712,594

1. The financial institutions trading with the Company are reputable banks and the Company trades with various financial institutions to spread the credit risk. Therefore, the probability of anticipated default is low.
2. The Company has reclassified time deposit with the initial maturity date over three months and limitation to item of "Financial assets measured at amortized cost." Please refer to the description in Note 6(3).

(II) Financial assets measured at fair value through profit or loss (December 31, 2022: None)

Item	December 31, 2023
Current items:	
Financial assets measured at fair value through profit or loss on a mandatory basis	
Cross currency swap	$ 1,613

1. Financial assets measured at fair value through profit or loss are recognized in the income statement as follows:

	2023
Financial assets measured at fair value through profit or loss on a mandatory basis	
Cross currency swap	($ 24,982)

2. The transactions and contracts information of derivative financial assets not entitled to the hedging accounting used by the Company are as follows:

Financial assets	December 31, 2023		
	Contract amount (nominal principal) (in thousands)		Contract term
Current items:			
Cross-currency swap contracts	TWD (BUY)	95,400	2023.08.28~2024.02.27
	USD (SELL)	3,000	2023.08.28~2024.02.27

Cross-currency swap contracts

The cross-currency swap contracts entered into by the Company are to meet the needs of capital allocation. In terms of foreign currency exchange, the principal of the two currencies is swapped at the same exchange rate at the beginning and the end of the period, so there is no exchange rate risk. In terms of interest rate swap, the fixed interest rate between the two currencies is exchanged with a fixed interest rate, and there is no interest rate fluctuation risk.

3. Please refer to Note 12(3) for the fair value of financial assets measured at fair value through profit or loss.

(III) Financial assets measured at amortized cost

Item	December 31, 2023	December 31, 2022

Current items:				
Time deposit expired over three months	$	695,720	$	550,000
Pledged time deposit		3,695		-
Total	$	699,415	$	550,000
Non-current items:				
Ordinary corporate bonds	$	290,000	$	-
Pledged time deposit		18,809		22,504
Total	$	308,809	$	22,504

1. Without taking into account the collaterals or credit enhancement held by the Company, for the financial assets measured at amortized cost that best represents the Company, the maximum amounts of credit risk exposure as of December 31, 2022 and 2023 were the book balance.
2. For pledged financial assets measured at amortized cost by the Company, please refer to Note 8.
3. The Company's investments in time deposits and ordinary corporate bonds are with financial institutions of good credit quality with a very low likelihood of default expected.

(IV) Accounts receivable

	December 31, 2023		December 31, 2022	
Accounts receivable	$	810,924	$	1,341,883
Accounts receivable – the related party		162,349		652,969
Less: Allowance loss	(	7,476)	(	19,642)
	$	965,797	$	1,975,210

1. For aging analysis of accounts receivable (including the related party), please refer to Note 12(2).
2. The balances of accounts receivable on December 31, 2023 and 2022 were generated by the customer's contract. Also, the balance of accounts receivable from the customer's contract was NTD 721,213 as of January 1, 2022.
3. The accounts receivable (including the related party) of the Company does not include collaterals.
4. Without taking into account the collaterals or credit enhancement held by the Company, for the accounts receivable that best represents the Company, the maximum credit risk exposure amount as of December 31, 2023 and 2022 was the book balance.
5. Please refer to Note 12(2) for details on the credit risk of accounts receivable.

(V) Inventory

	December 31, 2023		
	Costs	Allowance devaluation loss	Book amount
Materials	$ 128,872	($ 524)	$ 128,348
Semi-finished goods	378	(87)	291
Finished products	20,794	(1,285)	19,509
Total	$ 150,044	($ 1,896)	$ 148,148

	December 31, 2022		
	Costs	Allowance devaluation loss	Book amount
Materials	$ 43,628	($ 79)	$ 43,549
Semi-finished goods	60	(58)	2
Finished products	60,840	(2,729)	58,111
Total	$ 104,528	($ 2,866)	$ 101,662

The inventory cost recognized in expenses in current period by the Company:

	2023	2022
Cost of sold inventory	$ 3,620,335	$ 5,541,987
(Revaluation gain) Devaluation loss	(970)	1,968
	$ 3,619,365	$ 5,543,955

In 2023, the Company benefited from inventory decline due to gain from price recovery of inventory.

(VI) Investment at equity method

	2023	2022
January 1	$ 1,606,377	$ 1,858,169
Increase in investment at equity method	343,865	95,511
Disposal of investments accounted for using the equity method	(131,648)	(2,215)
Cash dividend distributed from investment under the equity method	(849)	(2,445)
Share of profit or loss from investment under the equity method	(374,160)	(339,198)
Changes in capital reserve	10,953	20,459
Other comprehensive income under the equity method	(5,453)	(69,487)
Exchange difference in the financial statement translation of the foreign operation	2,277	45,583
December 31	$ 1,451,362	$ 1,606,377

For information of the Company’s subsidiaries, please refer to Note 4(3) in the 2023 consolidated financial statements of the Company and its subsidiaries.

1. The investment gains (losses) recognized under the equity method in 2023 and 2022 are as follows:

	2023	2022
Subsidiaries:		
CyberTAN Corp. (U.S.A)	($ 1,828)	$ 2,763
CyberTAN (B.V.I) Investment Corp.	(245,627)	(246,031)
Ta Tang Investment Co., Ltd.	(645)	13,232
SonicFi INC.	3	-
Affiliated companies:		
Microelectronics Technology, Inc. (Microelectronics Technology)	(127,705)	(110,105)
Mega Power Ventures Inc.	1,642	943
Total	($ 374,160)	($ 339,198)

2. The basic information about affiliated companies important to the Company is stated as follows:

Company name	Principal business place	Shareholding ratio	Shareholding ratio	Nature of relationship	Measurement method
		December 31, 2023	December 31, 2022		
Microelectronics Technology	Taiwan	18.86%	22.72%	Invested company under the equity method by the Company	Equity method

3. The summarized financial information of affiliated companies important to the Company is stated as follows:

	Microelectronics Technology	
	December 31, 2023	December 31, 2022
Current assets	$ 3,529,793	$ 4,501,789
Non-current assets	1,948,608	2,039,261
Current liabilities	(2,809,723)	(3,325,623)
Non-current liabilities	(786,659)	(1,137,822)
Total net assets	$ 1,882,019	$ 2,077,605
Shares of the affiliates' net assets	$ 354,874	$ 471,949
Goodwill	428,151	491,354
Others	(13,165)	(16,518)
Book value of affiliated companies	$ 769,860	$ 946,785

	Microelectronics Technology	
	2023	2022
Revenue	$ 3,353,797	$ 4,482,301
Net loss of continuing operations for the year	($ 619,758)	($ 486,410)
Other comprehensive income (after tax)	22,409	74,454
Total comprehensive income for the year	($ 597,349)	($ 411,956)

4. As the affiliated company important to the Company, Microelectronics Technology has the open quotation. Its fair value as of December 31, 2023 and 2022 were NTD 1,782,092 and NTD 2,122,267, respectively.
5. In 2022, the Company sold 120 thousand shares of affiliate Microelectronics Technology for a total sale price of NTD 6,125. This was recognized as an investment gain of NTD 4,039 accounted for under the equity method, decreasing its shareholding from 22.77% to 22.72%.
6. In 2023, the Company sold 8,760 thousand shares of affiliate Microelectronics Technology Inc. for a total sale price of NTD 331,103. This was recognized as an investment gain of NTD 208,691 accounted for under the equity method. Additionally, Microelectronics Technology Inc. issued new shares in December 2023, and the Company did not subscribe in accordance with the shareholding ratio, resulting in a decrease in the shareholding ratio. The recognized capital reserve was NTD 10,953, and the shareholding was reduced from 22.72% to 18.86% in the current period.
7. The Company holds 18.86% of Microelectronics's shares, which is the single largest shareholder of such company. However, the shareholding does not exceed half of total shares and does not exceed the majority vote of the shareholders present at the meeting. Also, the Company has no control over the financial affair, operation and personnel guidelines of Microelectronics Technology without any actual guidance of relevant activities. Therefore, it is determined that the Company has no control over such company but only significant impact thereof.

(VII) Property, plant and equipment

	House and buildings	Machinery and equipment	Other equipment	Total
January 1, 2023				
Costs	$ 873,594	$ 104,254	$ 107,390	$ 1,085,238
Accumulated depreciation	(334,310)	(71,406)	(78,064)	(483,780)
	$ 539,284	$ 32,848	$ 29,326	$ 601,458
2023				
January 1	$ 539,284	$ 32,848	$ 29,326	$ 601,458
Increase	2,186	6,423	3,043	11,652
Disposal (cost)	(3,076)	(4,929)	(434)	(8,439)
Disposal (accumulated depreciation)	3,076	4,929	434	8,439
Depreciation expenses	(24,066)	(12,116)	(11,225)	(47,407)
December 31	$ 517,404	$ 27,155	$ 21,144	$ 565,703
December 31, 2023				
Costs	$ 872,704	$ 105,748	$ 109,999	$ 1,088,451
Accumulated depreciation	(355,300)	(78,593)	(88,855)	(522,748)
	$ 517,404	$ 27,155	$ 21,144	$ 565,703

	House and buildings	Machinery and equipment	Other equipment	Total
January 1, 2022				
Costs	$ 872,742	$ 94,126	$ 95,407	$ 1,062,275
Accumulated depreciation	(309,499)	(62,700)	(78,916)	(451,115)
	$ 563,243	$ 31,426	$ 16,491	$ 611,160
2022				
January 1	$ 563,243	$ 31,426	$ 16,491	$ 611,160
Increase	852	14,225	23,156	38,233
Disposal (cost)	(-)	(4,097)	(11,173)	(15,270)
Disposal (accumulated depreciation)	-	2,503	11,173	13,676
Depreciation expenses	(24,811)	(11,209)	(10,321)	(46,341)
December 31	$ 539,284	$ 32,848	$ 29,326	$ 601,458
December 31, 2022				
Costs	$ 873,594	$ 104,254	$ 107,390	$ 1,085,238
Accumulated depreciation	(334,310)	(71,406)	(78,064)	(483,780)
	$ 539,284	$ 32,848	$ 29,326	$ 601,458

The property, plant, and equipment of the Company were not provided as collateral or capitalized interest.

(VIII) Lease transactions – Lessee

1. The underlying assets leased by the Company include land, buildings and transportation equipment. The term of lease contract is usually 3 to 20 years. The lease contract adopts individual negotiation and includes various different terms and conditions. Besides the rented assets shall not be used as loan guarantee, there were no other restrictions.
2. The lease terms of parking space rented by the Company are less than 12 months, and the underlying leased assets of low value are water dispensers and photocopiers.
3. The following information is the book value and recognized depreciation expenses of right-of-use assets:

	December 31, 2023	December 31, 2022
	Book amount	Book amount
Land	$ 205,684	$ 223,025
House	198	894
Transportation equipment	2,007	3,345
	$ 207,889	$ 227,264

	2023	2022
	Depreciation expenses	Depreciation expenses
Land	$ 17,341	$ 17,341
House	323	1,477
Transportation equipment	1,337	669
	$ 19,001	$ 19,487

4. The increase in right-of-use asset of the Company in 2023 and 2022 were NTD 0 and NTD 3,193, respectively.
5. The following is information regarding the profit or loss items related to lease contracts:

	2023	2022
Item influencing current profit or loss		
Interest expenses of lease liabilities	$ 4,748	$ 5,081
Expenses for short-term lease contracts	160	170
Expenses for lease of low-price assets	240	208
	$ 5,148	$ 5,459

6. The Company's total cash outflow of lease in 2023 and 2022 were NTD 22,751 and NTD 23,252, respectively.

(IX) Lease transactions – Lessor

1. The underlying assets leased by the Company is the building and the term of lease contract is usually 1 to 20 years. The lease contract adopts individual negotiation and includes various different terms and conditions. To ensure the use condition of the leased assets, it is often required that the lessee shall not use the leased assets for loan guarantee.
2. The Company recognized NTD 71,533 and NTD 73,660 of rent revenue based on the operating lease contract in 2023 and 2022, respectively, and there were no variable lease payments.
3. The maturity analysis of lease payment based on operating lease of the Company is as follows:

	December 31, 2023	December 31, 2022
Not more than 1 year	$ 66,391	$ 33,496
2 to 5 years	101,869	-
More than 5 years	971	-
Total	$ 169,231	$ 33,496

(X) Other non-current assets

	December 31, 2023	December 31, 2022
Offset against business tax payable	$ 163,624	$ 163,386
Net defined benefit assets	49,521	45,227
Others	72	408
Total	$ 213,217	$ 209,021

(XI) Short-term loans

Nature of loan	December 31, 2023	Interest rate interval	Collateral
Bank loans – credit loans	$ 39,916	6.15%	None

Nature of loan	December 31, 2022	Interest rate interval	Collateral
Bank loans – credit loans	$ 449,955	3.70%~5.61%	None

(XII) Pension

1. (1) The Company has established the regulation for retirement with welfare in accordance with the "Labor Standards Act," which is applicable to the years of service for full-time employees before the implementation of the "Labor Pension Act" on July 1, 2005, and the employees continued to adopt the "Labor Standards Act" after the "Labor Pension Act" has come into effect. Employees who meet the retirement requirements will be paid the pension based on their years of service and average salary or wage of the last six (6) months prior to retirement. Two units are accrued for each year of service for the first 15 years and one unit is accrued for each additional year thereafter, up to a maximum of 45 units. The company contributes 2% of the total salary on a monthly basis to the pension fund and deposit at the special pension account under the title of the Pension Reserve Monitoring Committee Taiwan the Bank of Taiwan. Before the end of the fiscal year, the Company calculates the balance of the said labor pension fund account. If the pension account balance is insufficient to pay for the pension of employees expecting to meet the retirement conditions in the following year, the spread amount shall be deposited by the Company in a lump sum before the end of March in the following year.

(2) The amount recognized in the balance sheet is stated as follows:

	December 31, 2023	December 31, 2022
Current values of the ascertained fringe benefit obligations	($ 20,103)	($ 22,845)
Fair values of the planned assets	69,624	68,072
Net defined benefit assets	$ 49,521	$ 45,227

(3) Changes in the net defined benefit assets are as follows:

	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Net defined benefit assets
2023			
Balance, January 1	($ 22,845)	$ 68,072	$ 45,227
Service cost in the current period	(100)	-	(100)
Interest (expenses) revenue	(285)	896	611
Service cost in the previous period	1,639	-	1,639
	(21,591)	68,968	47,377
Remeasurement amount:			
Return on plan assets (excluding amount included in interest income or expenses)	-	553	553
Effects of changes in financial assumptions	(212)	-	(212)
Adjustment through experience	1,700	-	1,700
	1,488	553	2,041
Pension contributed	-	103	103
Balance, December 31	($ 20,103	$ 69,624	$ 49,521

	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Net defined benefit assets
2022			
Balance, January 1	($ 23,162)	$ 62,623	$ 39,461
Service cost in the current period	(96)	-	(96)
Interest (expenses) revenue	(161)	437	276
	23,419	63,060	39,641
Remeasurement amount:	( )		
Return on plan assets (excluding amount included in interest income or expenses)	-	4,864	4,864
Effects of changes in financial assumptions	1,323	-	1,323
	( )		( )
Adjustment through experience	749	-	749
	574	4,864	5,438
Pension contributed	-	148	148
Balance, December 31	($ 22,845	$ 68,072	$ 45,227

(4) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.) The utilization of the fund is supervised by Supervisory Committee for Labor Pension Reserve. With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Any deficits thereof shall be made up by the national treasury upon approval of the competent authority. As the Company was not entitled to participate in operation and management of the Fund, it was not impossible for the Company to disclose the classification of fair value of the planned assets in accordance with Paragraph 142 of No. 19 of IAS. For the fair value of the total assets under the fund on December 31, 2023 and 2022, please refer to the labor pension fund utilization report published by the government each year.

(5) Actuarial hypotheses about pension are summarized as follows:

	2023	2022
Discount rate	1.20%	1.35%
Future raise rate	3.00%	3.00%

The hypotheses of future mortality rate are estimated based on the statistics published by each country and experience.

Due to the change in principal actuarial assumptions adopted, the affected present value of the defined benefit obligation is as follows:

	Discount rate		Future raise rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 386)	$ 398	$ 391	($ 380)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 493)	$ 511	$ 501	($ 487)

Said analysis of sensitivity refers to the analysis of the effect produced by any change of single hypothesis under the circumstance that the other hypotheses remain unchanged. In practice, a lot of changes in hypotheses might be linked with each other. The analysis of sensitivity adopted the same method used for calculation of net pension liability on the balance sheet.

The methods and hypotheses used by the analysis of sensitivity prepared in the current period are identical with those used in the previous period.

(6) The Company schedules to contribute NTD 0 to the pension plan in 2023.

(7) Until December 31, 2023, the weighted average duration of the pension plan has been 9 years. The maturity analysis on pension contribution is as follows:

Less than 1 year	$ 3,474
2 years	590
5 years	1,793
Over 5 years	16,188
	$ 22,045

(8) In 2023 and 2022, the pension cost recognized by the Company in accordance with the above regulations were both $0.

2. (1) As of July 1, 2005, the Company instituted the defined contribution pension plan according to the “Labor Pension Act” applicable to the native employees. The Company shall contribute the amount equivalent to 6% of the monthly salary of respective native employees to the individual pension accounts of the employees at Labor Insurance Bureau, with respect to the labor pension system under the “Labor Pension Act” chosen by employees. Retired employees may claim for pension disbursement in accordance with the status of their individual accounts and the cumulative contribution in the account through monthly payment or in lump sum.

(2) The principal of the pension cost recognized by the Company according to the said pension regulations were NTD 8,747 and NTD 9,318 in 2023 and 2022, respectively.

(XIII) Share-based payment for remuneration

1. The share-based payment for remuneration agreements of the Company in 2023 and 2022 were as follows:

Type of agreement	Grant date	Amount given	Contract period	Criteria for vesting
New restricted employee shares plan	2022.09.13	1,110 thousand shares	3 years	Descriptions (1) and (5)
New restricted employee shares plan	2022.11.08	500 thousand shares	3 years	Descriptions (2) and (5)
New restricted employee shares plan	2023.08.11	100 thousand shares	3 years	Descriptions (3) and (5)
New restricted employee shares plan	2023.11.10	30 thousand shares	3 years	Descriptions (4) and (5)

(1) According to different lengths of continued service by employees (ranging from one to three years), new restricted employee shares will be exercised in batches at ratios of 40%, 30%, and 30%, with the expiration date on September 12, 2025.

(2) According to different lengths of continued service by employees (ranging from one to three years), new restricted employee shares will be exercised in batches at ratios of 40%, 30%, and 30%, with the expiration date on November 7, 2025.

(3) According to different lengths of continued service by employees (ranging from one to three years), new restricted employee shares will be exercised in batches at ratios of 40%, 30%, and 30%, with the expiration date on August 10, 2026.

(4) According to different lengths of continued service by employees (ranging from one to three years), new restricted employee shares will be exercised in batches at ratios of 40%, 30%, and 30%, with the expiration date on November 9, 2026.

(5) The new restricted employee shares issued by the Company are issued without consideration and may not be transferred during the vesting period. However, they are not restricted in terms of voting rights or the right to participate in dividend distributions. If an employee resigns during the vested period, he/she must return the shares, but not the dividends received.

(6) The above share-based payment agreements are all settled through equity.

2. The details of the above share-based payment agreements are shown below:

	2023	2022
	Quantity (thousand shares)	Quantity (thousand shares)
New restricted employee shares on January 1	1,610	-
Issued in the current period	130	1,610
Canceled in the current period	(90)	-
New restricted employee shares on December 31	1,650	1,610

3. The company's share-based payment transactions granted on the grant date are valued using the fair value of the estimated stock options, which is calculated as the grant date stock price minus the exercise price. Relevant information is as follows:

Type of agreement	Grant date	Stock price	Fulfillment price	Expected volatility	Expected duration	Expected dividends	Risk-free rate	Fair value per unit
New restricted employee shares plan	2022.09.13	29.70	-	-	3 years	-	-	29.70
New restricted employee shares plan	2022.11.08	23.05	-	-	3 years	-	-	23.05
New restricted employee shares plan	2023.08.11	20.05	-	-	3 years	-	-	20.05
New restricted employee shares plan	2023.11.10	21.95	-	-	3 years	-	-	21.95

4. The expenses generated from share-based payment transactions are as follows:

	2023	2022
Equity settled	$ 23,487	$ 7,451

(XIV) Liability reserve

	Warranty	
	2023	2022
Balance, January 1	$ 18,511	$ 14,468
Increase in liability reserve in current period	9,679	17,889
Used liability reserve in current period	(12,881)	(13,846)
Unused amount reversed in this period	(2,370)	-
Balance, December 31	$ 12,939	$ 18,511

The analysis of liability reserve is as follows:

	December 31, 2023	December 31, 2022
Current	$ 4,345	$ 9,367
Non-current	$ 8,594	$ 9,144

The Company's reserve for warranty liabilities is estimated according to the historical warranty information of such product to estimate possible after-sale service in the future. The warranty liabilities of the Company estimated to be used in 2024 and 2025 are NTD 4,345 and NTD 8,594, respectively.

(XV) Capital stock

1. As of December 31, 2023, the Company's authorized capital was NTD 5,000,000 which was divided into 500,000 thousand shares (including 14,000 thousand shares exercisable under employee stock options). The paid-in capital was NTD 3,302,554 at NTD 10 per share. All shares issued by the Company were paid in full.

The Company's outstanding common stock at beginning and ending is reconciled as follows:

	2023	2022
January 1	330,215	328,605
Issuance of new restricted shares to employees	130	1,610
Cancellation of new restricted employee shares	(90)	-
December 31	330,255	330,215

2. The Company's board of directors resolved to issue new restricted employee shares on May 9, 2022 (please refer to Note 6 (13)). The respective issuance reference dates for the new shares were September 13, 2022 and November 8, 2022. Employees did not need to pay to acquire the new restricted employee shares. The rights and obligations of the common shares issued this time are the same as other previously issued common stocks, except for the restriction on the transferability of shares, until the vested conditions are met by the employees.
3. The Company's board of directors resolved to issue new restricted employee shares on August 9 and November 10, 2023 (please refer to Note 6(13)). The respective issuance reference dates for the new shares were August 11, 2023 and November 10, 2023. Employees did not need to pay to acquire the new restricted employee shares. The rights and obligations of the common shares issued this time are the same as other previously issued common stocks, except for the restriction on the transferability of shares, until the vested conditions are met by the employees.
4. On August 9, 2023, the Company's board of directors resolved to cancel 90 thousand shares of restricted stock units bought back, reducing the capital by $900. The reduction date was set as August 10, 2023 and the change of registration was completed on August 29, 2023.
5. Treasury stocks

(1) Reasons for the redemption of shares and their quantities:

		December 31, 2023	
Name of Company Holding Shares	Reason for redemption	Number of shares	Book amount
The Company	For transfer of shares to employees	65	$ 1,426

(2) Pursuant to the Securities and Exchange Act, the amount of the outstanding shares repurchased by the Company shall not exceed ten percent of the total number of issued shares. The total amount of the repurchased shares shall not exceed 10% of the Company's retained earnings plus the premium of the outstanding shares and the realized capital stock.

(3) According to the Securities and Exchange Act, the treasury stock held by the Company shall not be pledged and shall not be entitled to the rights of shareholders before transfer.

(4) Pursuant to the Securities and Exchange Act, shares repurchased due to transfer of shares to employees shall be transferred within five years from the repurchase date. Failure to transfer the shares within this period will be treated as if the Company has

not issued the shares, and the company must proceed to change registration to cancel the shares. For the repurchased shares to protect the Company's credit and shareholders' rights and interests, a change of registration shall be made to cancel the shares within six months from the date of repurchase.

(5) In 2023, the treasury shares transferred to the Company's employee shares amounted to NTD 16,147, totaling 730,000 shares.

(XVI) Capital reserves

According to the Company Act, for the capital reserves including shares issued at premium excessing the par value and the gains in the form of gifts, besides covering losses, the Company shall distribute the capital reserve by issuing new shares or in cash in proportion to the original shareholding ratio of the shareholders when the Company incurs no loss. In addition, according to relevant regulation of Securities and Exchange Act, the capital surplus mentioned above that can be capitalized annually shall not exceed 10% of the total paid-in capital. When the reserve is insufficient to cover the capital losses, the Company shall not use capital reserve for offset.

	2023				
	Stock premium	Changes in net worth of equity of affiliated companies and joint ventures recognized under equity method	New restricted employee shares	Others	Total
January 1	$ 484,632	$ 57,470	$ 69,702	$ 8,968	$ 620,772
Issuance of new restricted employee shares	-	-	1,364	-	1,364
Redemption of new restricted employee shares	-	-	(1,175)	-	(1,175)
Disposal of investments accounted for using the equity method	-	(9,236)	-	-	(9,236)
Changes in equity of affiliated companies are not recognized in accordance with the shareholding percentage	-	10,953	-	-	10,953
December 31	$ 484,632	$ 59,187	$ 69,891	$ 8,968	$ 622,678

	2022				
	Stock premium	Changes in net worth of equity of affiliated companies and joint ventures recognized under equity method	New restricted employee shares	Others	Total
January 1	$ 484,632	$ 37,140	$ 41,310	$ 8,968	$ 572,050
Issuance of new restricted employee shares	-	-	28,392	-	28,392
Disposal of investments accounted for using the equity method	-	(129)	-	-	(129)
Changes in equity of affiliated companies are not recognized in accordance with the shareholding percentage	-	20,459	-	-	20,459
December 31	$ 484,632	$ 57,470	$ 69,702	$ 8,968	$ 620,772

(XVII) Retained earnings

1. If the Company has profit at the year's final accounting, it shall first be used to pay the income tax and make up any cumulative losses in accordance with laws, and 10% of the balance shall be appropriated as legal reserve, unless the existing legal reserve reaches the amount of the Company's paid-in capital. The rest of the balance shall be used for provision/reversal of special reserves pursuant to laws. The residual balance, if any, shall be added to cumulative undistributed earnings. The Board of Directors shall draft a proposal for allocation of the residual balance plus the undistributed earnings, and submit the same to the shareholders' meeting to resolve whether shareholder bonuses shall be distributed.
2. The Company authorizes the Board of Directors to make a resolution with respect to payment of all or part of the distributable dividends, bonuses, capital reserves or legal reserves in cash by a majority vote at a meeting attended by over two-thirds of the directors and report such payment to the shareholders' meeting without being subject to the resolution of the shareholders' meeting referred to in the preceding paragraph.
3. The dividend policy of the Company is as follows: CyberTAN is currently at the growth stage. Its policy for distribution of bonuses to shareholders must be based on the current and future investment environment, funding needs, domestic and international competition, capital budget and other factors, and must take into account shareholders' interests and CyberTAN's long-term financial plan. Bonuses to shareholders shall be allocated from the accumulated distributable earnings and shall be no less than 15% of the distributable earnings of the current year. No distribution is required if the distributable earnings of the current year are less than 3% of the paid-in capital. Cash dividends shall account for no less than 10% of the bonuses to shareholders.
4. The legal reserve shall not be used unless for covering losses or issuing new shares or in cash in proportion to the original shareholding ratio of the shareholders. The new shares or cash allocated shall be no more than 25% of the paid-in capital.
5. Pursuant to laws, when allocating earnings, the Company shall provide the special reserve from the credit balance under other equities on the balance sheet date in the current year. The Company may then allocate the earnings. If the credit balance under other equities is reversed, the reversed amount may be included into the allocable earnings.
6. The 2022 and 2021 earnings distribution proposals of the Company approved at the regular shareholders' meeting held separately on June 27, 2023 and June 24, 2022 are stated as follows:

	2022		2021	
	Amount	Dividends per share (NTD)	Amount	Dividends per share (NTD)
Allocated legal reserve	$ -		$ 4,215	
Appropriation (reversal) of special reserves	40,238		(65,738)	
Distributed cash dividends for shareholders	-	-	16,430	0.05
Total	$ 40,238		($ 45,093)	

7. As of March 11, 2024, the board of directors had not approved the proposal of 2023 earnings distribution.

(XVIII) Other items of interest

	Financial assets measured at fair value through other comprehensive income	Translation of foreign currency	Employees' unearned remuneration	Total
January 1, 2023	($ 82,472)	($ 79,920)	($ 37,041)	($ 199,433)
Valuation adjustment – Subsidiaries and affiliated companies	(4,006)	-	-	(4,006)
Valuation adjustment transferred to retained earnings – Subsidiaries and affiliated companies	8,995	-	-	8,995
Currency translation differences:	-	-	-	
- the Company and subsidiaries	-	1,715	-	1,715
- tax of the Company and subsidiaries	-	(343)	-	(343)
- Affiliated companies	-	562	-	562
Cancellation of new restricted employee shares	-	-	2,075	2,075
Issuance of new restricted employee shares	-	-	(2,664)	(2,664)
Share-based payment for remuneration	-	-	23,487	23,487
December 31, 2023	($ 77,483)	($ 77,986)	($ 14,143)	($ 169,612)

	Financial assets measured at fair value through other comprehensive income	Translation of foreign currency	Employees' unearned remuneration	Total
January 1, 2022	($ 3,186)	($ 118,968)	$ -	($ 122,154)
Valuation-adjusted retained earnings	(1,856)	-	-	(1,856)
Valuation adjustment – Subsidiaries and affiliated companies	(77,562)	-	-	(77,562)
Valuation adjustment transferred to retained earnings – Subsidiaries and affiliated companies	132	-	-	132
Currency translation differences:	-	-	-	-
- the Company and subsidiaries	-	32,671	-	32,671
- tax of the Company and subsidiaries	-	(6,535)	-	(6,535)
- Affiliated companies	-	12,912	-	12,912
New restricted employee shares	-	-	(44,492)	(44,492)
Share-based payment for remuneration	-	-	7,451	7,451
December 31, 2022	($ 82,472)	($ 79,920)	($ 37,041)	($ 199,433)

(XIX) Operating revenue

	2023	2022
Revenue from customer contracts	$ 3,800,028	$ 5,737,047

1. Details of revenue from customer contracts

The revenue of the Company is mainly from providing products transferred in certain timing and the revenue can be classified by the following main product lines and geographical area:

2023	Europe Communication product	America Communication product	Asia Communication product	Australia Communication product	Other departments	Total
Revenue from external customer contracts	$ 928,615	$ 1,850,084	$ 96,728	$ 103,347	$ 821,254	$ 3,800,028

2022	Europe Communication product	America Communication product	Asia Communication product	Australia Communication product	Other departments	Total
External customer contracts Revenue	$ 1,377,322	$ 3,627,064	$ 289,930	$ 200,360	$ 242,371	$ 5,737,047

2. Contract liabilities

(1) The Company's balance of contract liabilities – advance sale receipts related to revenue from customer contract recognized on December 31, 2023, December 31, 2022 and January 1, 2021 were NTD 48,601, NTD 54,820 and NTD 33,384, respectively.

(2) Contract liabilities at the beginning recognized in the revenue in current period

	2023	2022
Balance of the contract liabilities at the beginning recognized in the revenue in current period	$ 26,862	$ 16,333

(XX) Interest revenue

	2023	2022
Interest revenue	$ 25,112	$ 10,998

(XXI) Other revenue

	2023	2022
Rental revenue	$ 71,533	$ 73,660
Revenue from government subsidy	-	45
Miscellaneous income	171	1,403
Total	$ 71,704	$ 75,108

(XXII) Other gains and losses

	2023	2022
Gains on disposal of investment	$ 208,691	$ 4,039
Foreign currency exchange gain (loss), net	(22,558)	40,284
Miscellaneous expenses – depreciation expenses	(20,694)	(20,533)
Miscellaneous expenses – interest expenses	(2,180)	(2,334)
Losses from financial assets at fair value through profit or loss	(24,982)	-
Miscellaneous expenses	(3,330)	(3,236)
Total	$ 134,947	$ 18,220

(XXIII) Financial Costs

	2023	2022
Interest expenses:		
Bank loans	$ 6,338	$ 21,144
Lease liabilities	2,568	2,747
Financial Costs	$ 8,906	$ 23,891

(XXIV) Additional Information on the Nature of Expense

	2023	2022
Employee benefit expenses	$ 315,532	$ 262,523
Depreciation expenses of property, plant and equipment	35,369	34,446
Depreciation expenses of right-of-use assets	10,345	10,849
Amortization expense of intangible assets	4,590	1,950
	$ 365,836	$ 309,768

(XXV) Employee benefit expenses

	2023	2022
Salary expenses	$ 276,831	$ 224,958
Expenses for labor and health insurance	19,891	16,815
Pension expenses	8,747	9,318
Other employment expenses	10,063	11,432
	$ 315,532	$ 262,523

1. According to the Articles of Incorporation, if there is a profit after the annual closing, the Company shall allocate 7%–9% thereof as remuneration to employees. However, the earnings must first be used to offset any cumulative losses, if any, before being distributed to the employees and directors as their remuneration at the percentage.
2. The Company did not recognize employee and director remuneration due to losses incurred from January 1 to December 31, 2023 and 2022.

   As resolved by the board of directors, no remuneration to employees and remuneration of directors and supervisors will be distributed for 2022, which is consistent with the recognized amount in the 2022 financial statements.
3. Please refer to the "Market Observation Post System" for information related to the remuneration to employees, directors, and supervisors of the Company approved by the board of directors and resolved by a shareholders' meeting.

(XXVI) Income Tax

1. Income tax benefits

(1) Components of income tax benefits:

	2023	2022
Income tax in the current period:		
Income tax generated from the current income	$ -	$ -
Underestimated (overestimated) income tax in previous year	1,059	(8,061)
Total income tax in the current period	1,059	(8,061)
Deferred income tax:		
Initial occurrence and reversal of temporary difference	(53,352)	(53,664)
Total deferred income tax	(53,352)	(53,664)
Income tax benefits	($ 52,293)	($ 61,725)

(2) Income tax benefits related to other comprehensive income:

	2023	2022
Remeasurement of defined benefit obligation	($ 408)	($ 1,088)
Exchange differences on the translation of the foreign operation	(343)	(6,535)
	($ 751)	($ 7,623)

2. Relationship between income tax benefits and accounting profit:

	2023	2022
Income tax calculated based on net loss before tax at the statutory tax rate	($ 73,825)	($ 85,680)
Excluded expenses by the tax laws	25,341	19,378
Exemption by the tax laws	(41,738)	(997)
Realizable evaluation changes of deferred income tax assets	36,870	13,635
Underestimated (overestimated) income tax in previous year	1,059	(8,061)
Income tax benefits	($ 52,293)	($ 61,725)

3. The amount of deferred income tax assets and liabilities due to temporary difference are shown in the following:

	2023			
	January 1	Recognized into profit and/or loss	Recognized in other comprehensive net profit	December 31
Deferred income tax assets:				
- Temporary difference:				
Loss on inventory valuation	$ 574	($ 195)	$ -	$ 379
Warranty reserve	3,702	(1,113)	-	2,589
Bonus payable for unused vacation	1,435	-	-	1,435
Foreign investment losses under equity method	38,342	49,490	-	87,832
Exchange differences on the translation of the foreign operation	15,779	-	(343)	15,436
Refund liabilities	929	(370)	-	559
Unrealized exchange loss	2,242	5,990	-	8,232
Subtotal	$ 63,003	$ 53,802	($ 343)	$ 116,462
- Deferred income tax liabilities:				
Remeasurement of defined benefit plan	($ 5,573)	($ 450)	($ 408)	($ 6,431)
Total	$ 57,430	$ 53,352	($ 751)	$ 110,031

	2022			
	January 1	Recognized into profit and/or loss	Recognized in other comprehensive net profit	December 31
Deferred income tax assets:				
- Temporary difference:				
Loss on inventory valuation	$ 180	$ 394	$ -	$ 574
Warranty reserve	2,893	809	-	3,702
Bonus payable for unused vacation	1,342	93	-	1,435
Unrealized exchange loss	-	38,342	-	38,342
Exchange differences on the translation of the foreign operation	22,314	-	(6,535)	15,779
Pension fund payable	-	-	-	-
Refund liabilities	430	499	-	929
Unrealized exchange loss	-	2,242	-	2,242
Subtotal	$ 27,159	$ 42,379	($ 6,535)	$ 63,003
- Deferred income tax liabilities:				
Foreign investment at equity method	($ 10,312)	$ 10,312	$ -	$ -
Unrealized exchange gain	(1,038)	1,038	-	-
Remeasurement of defined benefit plan	(4,420)	(65)	(1,088)	(5,573)
Subtotal	($ 15,770)	$ 11,285	($ 1,088)	($ 5,573)
Total	$ 11,389	$ 53,664	($ 7,623)	$ 57,430

4. The validity period and unrecognized deferred income tax assets the Company's unused income tax losses are as follows:

December 31, 2023

Year of occurrence	Declared/Approved	Amount not yet deducted	Amount of unrecognized deferred income tax assets	Final deduction year
2021	$ 96,111	$ 96,111	$ 96,111	2031
2022	65,944	65,944	65,944	2032
2023	184,348	184,348	184,348	2033

December 31, 2022

Year of occurrence	Declared/Approved	Amount not yet deducted	Amount of unrecognized deferred income tax assets	Final deduction year
2021	$ 105,350	$ 105,350	$ 105,350	2031
2022	68,176	68,176	68,176	2032

5. The Company's profit-seeking business income tax have been certified by the tax authority up until 2021.

(XXVII) Losses per share

	2023		
	After-tax income	Weighted average outstanding shares (thousand shares)	Losses per share (NTD)
Basic losses per share			
Net loss for the period attributable to the parent company's common stock shareholders	($ 316,830)	327,962	($ 0.97)

	2022		
	After-tax income	Weighted average outstanding shares (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Net profit attributable to the parent company's common stock shareholders	($ 366,674)	328,605	($ 1.12)

The Company had a net loss in 2023 and 2022, and the inclusion of the potential common shares will have an anti-dilutive effect, so the diluted loss per share is not calculated.

(XXVIII) Changes in liability reserve from financing activities

	Lease liabilities	
	2023	2022
January 1	$ 235,989	$ 250,589
Changes in cash flow from financing activities	(17,603)	(17,793)
New in current period	-	3,193
Other non-cash changes	(439)	-
December 31	$ 217,947	$ 235,989

Besides lease liabilities, the Company's changes in liabilities from financing activities in 2023 and 2022 were changes in cash flow from financing without any non-cash changes. Please refer to the consolidated statement of cash flow.

VII. Transactions of the Related Party

(I) Name of the related party and relationship

Name of the related party	Relationship with the Company
Gwong-Yih Lee	Key management of the Company (Note)
TSE-TSAN CHEN	Key management of the Company (Note)
CyberTAN Corp. (U.S.A)	Subsidiary of the Company
Ta Tang Investment Co., Ltd.	〃
CyberTAN (B.V.I) Investment Corp.	〃
SonicFi INC.	〃
CyberTAN Technology (HONG KONG) Limited	The Company is the ultimate parent company of such company
Fuhongkang Technology (Shenzhen) Co., Ltd.	〃
Chongqing Hongdaofu Technology Co., Ltd.	〃
HON YAO FU Technology Company Limited (HON YAO FU)	〃
Microelectronics Technology, Inc. and its subsidiaries	Affiliated companies
Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Other related parties
FOXCONN Technology Co., Ltd. and its subsidiaries	〃
Fitipower Integrated Technology Inc.	〃
Innolux Corporation and the subsidiaries	〃
Garuda Technology Co., Ltd. and the subsidiaries	〃
Pan-International Industrial Corp.	〃

Note: On April 6, 2022, the Company's Chairman changed from Tse-Tsan Chen to Gwong-Yih Lee.

(II) Significant transactions with the related party

1. Operating revenue

	2023	2022
Sale of goods:		
Subsidiaries	$ 8,678	$ -
Affiliated companies	32,343	20,040
Other related parties		
- Cloud Network	880,094	1,284,331
- Belkin	156,603	856,573
- Others	329	317
	$ 1,086,725	$ 2,161,261

The Company's unit sales price of partial goods for the related party is equivalent to the general customer's price while partial goods are not sold to the customer. Thus, the sales prices are incomparable. The mode of collection adopts NET 20 days and the collection period is O/A 120 days. The mode of collection for general customer is O/A 60 days.

2. Purchase

	2023	2022
Purchase of commodities:		
Subsidiaries		
- HON YAO FU	$ 2,770,742	$ 5,187,133
- Others	18	302,345
Affiliated companies	112,934	70,017
Other related parties	143,941	311,160
	$ 3,027,635	$ 5,870,655

Except for transactions with no similar transactions to follow, where the transaction terms are negotiated and determined by both parties, all other transactions of our company involve purchasing from related parties at prevailing market prices. The mode of collection adopts NET 30 days and the collection period is O/A 120 days. The mode of collection for general vendors is O/A 60 days.

3. Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable – the related party		
Subsidiaries	$ 2,769	$ -
Affiliated companies	-	1,331
Other related parties		
- Cloud Network	159,573	581,506
- Others	7	70,132
	$ 162,349	$ 652,969

4. Other receivables

	December 31, 2023	December 31, 2022
Other receivables – the related party		
Subsidiaries		
- HON YAO FU	$ 343,488	$ 906,140
- Others	1,027	899
Affiliated companies	35,316	37,457
Other related parties	879	1,954
	$ 380,710	$ 946,450

Other receivables from the related party mainly are the purchase amount on behalf of the related party and rental revenue.

5. Accounts payable

	December 31, 2023	December 31, 2022
Accounts payable – the related party		
Affiliated companies	$ 19,485	$ 8,949
Other related parties	17,122	10,592
	$ 36,607	$ 19,541

6. Other payables

	December 31, 2023	December 31, 2022
Other payables – the related party		
Subsidiaries	$ 203	$ 220
Other related parties	7,367	2,918
Affiliated companies	399	218
	$ 7,969	$ 3,356

Other payables to the related party mainly are payables of processing fee and labor service fee.

7. Lease transactions – Lessee

(1) The Company rented buildings from FOXCONN Technology Co., Ltd. The tern of lease contract is 10 years and the rent is paid at the end of each month.

(2) Lease liabilities

A. Ending balance:

	December 31, 2023	December 31, 2022
Other related parties	$ -	$ -

B. Interest expenses

	December 31, 2023	December 31, 2022
Other related parties	$ -	$ 21

8. Processing expenses

	2023	2022
Other related parties	$ 3,070	$ 5,501

9. Labor service fee

	2023	2022
Other related parties	$ 2,488	$ 1,323

The fee was the provided by the Company to the affiliated companies which provided industrial information consultation service in 2023 and 2022.

10. Property transaction

Acquisition of financial assets

				2023
	Account item	Number of shares traded	Target traded	Price of acquisition
Affiliated companies - Microelectronics Technology	Investment at equity method	2,212 thousand shares	Amount paid in shares	$ 63,042

				2022
	Account item	Number of shares traded	Target traded	Price of acquisition
Affiliated companies - Microelectronics Technology	Investment at equity method	1,837 thousand shares	Amount paid in shares	$ 95,511

11. Service and repair fee

	2023	2022
Subsidiaries	$ 9,679	$ 13,235

12. Rental revenue

	2023	2022
Affiliated companies		
- Microelectronics Technology and its subsidiaries	$ 66,082	$ 66,088
Other related parties	5,004	6,046
	$ 71,086	$ 72,134

The Company leased property, plant and equipment to the related party in 2023 and 2022. The rent price per square meter has no significant difference with those of the non-related party. The rent is collected every quarter.

13. Deposit received

	2023	2022
Affiliated companies		
- Microelectronics Technology and its subsidiaries	$ 5,765	$ 5,765
Other related parties	611	349
	$ 6,376	$ 6,114

14. Other transactions

The related parties, Gwong-Yih Lee and Tse-Tsan Chen, served as the joint guarantors of bank loans and joint writers of guaranteeing invoice by the Company in 2023 and 2022.

(III) Information on the remuneration to the key management:

	2023	2022
Salary and other short-term employee benefits	$ 30,515	$ 18,753
Benefits after severance/retirement	570	471
Total	$ 31,085	$ 19,224

VIII. Pledged Assets

The details of the Company's assets provided as collateral are as follows:

	Book value		
Asset item	December 31, 2023	December 31, 2022	Purpose of collateral
Time deposit (listed financial assets measured at amortized cost)	$ 22,504	$ 22,504	Guarantee deposits of superficies, guarantees for customs duties

IX. Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts

(I) Contingency

None.

(II) Commitments

None.

X. Losses Due to Major Disasters

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital Management

The Company's capital management objective is intended to protect the Company's continued operation and maintain optimal capital structure to reduce capital cost and provide remuneration to the shareholder. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce liabilities.

(II) Financial instruments

1. Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets measured at fair value through profit or loss		
Financial assets measured at fair value through profit or loss on a mandatory basis	$ 1,613	$ -
Financial assets measured at amortized cost	3,470,839	4,206,860
	$ 3,472,452	$ 4,206,860
Financial liabilities		
Financial liabilities measured at amortized cost	$ 1,061,890	$ 1,584,086
Lease liabilities	217,947	235,923
	$ 1,279,837	$ 1,820,009

Note: The financial assets carried at amortized cost including cash and cash equivalents, financial assets measured at amortized cost, accounts receivables (including the related party), other receivables and guaranteed deposits paid; the financial liabilities measured at amortized cost include the short-term loans, accounts payable (including the related party), other payables (including the related party) and deposits received.

2. Risk management policy

(1) Various financial risks have impact on the daily operation of the Company, including the market risk (including the exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. To reduce adverse impact of uncertainty on the Company's financial performance, the Company used forward exchange contracts to hedge the risk of exchange rate. The derivative tools used by the Company is for hedging purpose instead of trading or speculation.

(2) The risk management work is executed by the Company's financial department based on the policy approved by the board of directors. The Company's financial department is responsible for identifying, evaluating and hedging financial risks by the close cooperation with each business unit in the Company. The board of directors

has established written principles for the overall risk management while providing written policy for certain scope and matters, such as exchange rate risk, interest rate risk, credit risk, utilization of the financial and non-financial instruments and the investment principles of remained current funds.

3. Nature and degree of important financial risk

(1) Market risk

Exchange rate risk

A. The Company is a multinational corporation. Therefore, the exchange rate risk resulted from transactions with functional currency relatively different from the Company mainly involve USD and RMB. Related exchange rate risks come from the future commercial transactions and recognized assets and liabilities.

B. The management of the Company has established policy that regulates the management of the exchange rate risk which is relative to the functional currency of the companies in the Company. Each company shall adopt hedging policy against the overall exchange rate risk via the Company's financial department. The exchange rate risk is measured by the expected transactions with high possibility to generate USD and RMB expenses which adopt forward exchange contract to reduce impact of exchange rate fluctuation on the expected purchase inventory cost.

C. The Company's business lines involved some non-functional currencies (the functional currency of the Company is NTD). Therefore, the Company would be subject to the effect produced by fluctuation in foreign exchange rate. The information about assets and liabilities denominated in foreign currency exposed to significant effect produced by fluctuation in foreign exchange rate is stated as follows:

	December 31, 2023					
				Sensitivity analysis		
	Foreign currency (thousand dollars)	Exchange rate	Book amount (NTD)	Range of change	Profit or loss affected	Other comprehensive income affected
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : NTD	$ 30,279	30.705	$ 929,717	2%	$ 14,875	$ -
RMB : NTD	2,150	4.327	9,303	2%	149	-
Financial liabilities						
Monetary items						
USD : NTD	$ 23,071	30.705	$ 708,395	2%	$ 11,334	$ -

	December 31, 2022					
				Sensitivity analysis		
	Foreign currency (thousand dollars)	Exchange rate	Book amount (NTD)	Range of change	Profit or loss affected	Other comprehensive income affected
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : NTD	$ 68,193	30.705	$ 2,094,207	2%	$ 33,507	$ -
RMB : NTD	2,149	4.327	9,473	2%	152	-
Financial liabilities						
Monetary items						
USD : NTD	$ 91,507	30.705	$ 2,810,180	2%	$ 44,963	$ -

D. The Company's total amount of all exchange loss (including the realized and unrealized) from monetary items due to significant impact of exchange rate fluctuation were NTD(22,558) and NTD(40,284) in 2023 and 2022, respectively.

Price risk

A. The Company's equity instruments exposed to price risk are the holding financial assets measured at the fair value through profit or loss. To manage the price risk of the equity instrument investment, the Company separated the investment portfolio and the separation method is based on the limited amount set by the Company.

(2) Credit risk

A. The Group's credit risk is the risk of financial loss that would be incurred by the Group if its customers or financial instrument trading counterparties fail to perform the contracts. This is mainly due to the trading counterparties being unable to pay the accounts payable based on the payment conditions and financial assets classified to be measured at amortized cost.

B. The Company established the credit risk management in the Company's aspect. For trading banks and financial institutes, only those with good credit can be accepted as trading counterparties. According to the loan policy defined by the Company, each business unit within the Company shall conduct the management and credit risk analysis on each new customer before setting payment and proposing the delivery terms and conditions. The internal risk control evaluates customers' credit quality by taking into consideration the customers' financial position, past experience and other factors. The individual risk limit is set by the board of directors according to the internal or external ratings. The management will also control the periodic draw down of credit limits.

C. The Company adopts IFRS 9 for presumption that when the contract payment past due for over 90 days based on the agreed payment terms, the Company takes it as a default of the contract.

D. The following presumption provided by the Company adopts IFRS 9 as the basis to determine whether the credit risk of financial instrument increases significantly after the initial recognition:

(A) When the contract payment past due for over 30 days based on the agreed payment terms, it is determined that the credit risk of financial instrument increased significantly after the initial recognition.

(B) For bond investment traded in Taipei Exchange, those financial assets with investment grading rated by any external credit rating agency on balance sheet date are considered with low credit risk.

E. The Company's indexes used to determine the debt instrument as credit impairment are as follows:

(A) Issuer has major financial difficulty or likely to wind up or proceed with other financial reorganizations;
(B) The active market of financial assets might extinguish due to financial difficulty of the issuer;
(C) Overdue or non-performance of interest or principal payment by the issuer;
(D) National or regional adverse economic changes related to the default of issuer.

F. The Company classified the customer's accounts receivable based on customer rating and the characteristics of customer and used the reserve matrix as the basis with simplified approach to estimate the expected credit losses.

G. The Company offsets the amount of recoverable financial assets which cannot be reasonably expected after the recourse procedure. However, the Company will continue the legal recourse procedure to protect the creditor's right. As of December 31, 2023 and 2022, the Company does not have creditor's right which was written off with means of recourse.

H. The Company adopted the business indicators of National Development Council for the future forward-looking considerations to adjust the established loss ratio based on certain period of history and current information to estimate the allowance loss of the accounts receivable (including the related parties). The reserve matrix on December 31, 2023 and 2022 are as follows:

	Undue	Overdue 1–90 days	Overdue 91–180 days	Overdue 181–365 days	Overdue more than 365 days	Total
December 31, 2023						
Expected loss ratio	1.26%	1.38%	1.50%	1.92%	100.00%	
Total book value	$ 962,482	$ 10,791	$ -	$ -	$ -	$ 973,273
Allowance loss	7,327	149	-	-	-	7,476

	Undue	Overdue 1–90 days	Overdue 91–180 days	Overdue 181–365 days	Overdue more than 365 days	Total
December 31, 2022						
Expected loss ratio	0.98%	2.88%	2.94%	3.06%	100.00%	
Total book value	$ 1,994,521	$ 331	$ -	$ -	$ -	$ 1,994,852
Allowance loss	19,632	10	-	-	-	19,642

I. The aging analysis of accounts receivable (including the related party) is as follows:

	Accounts receivable	
	December 31, 2023	December 31, 2022
Undue	$ 962,482	$ 1,994,521
Within 90 days	10,791	331
	$ 973,273	$ 1,994,852

The aging analysis stated above was based on the number of overdue days.

J. The Company's statement of changes in the allowance loss for accounts receivable using the simplified approach is as follows:

	2023	2022
	Accounts receivable (including the related party)	Accounts receivable (including the related party)
January 1	$ 19,642	$ 7,356
(Reversed) impairment loss recognized	(12,166)	12,286
December 31	$ 7,476	$ 19,642

(3) Liquidity risk

A. The cash flow forecast is executed by each business department in the Company and summarized by the Company's finance department. The finance department of the Company supervises the forecast of the Company's current fund demand to ensure there are sufficient fund to support the operating needs.

B. The following table refers to the Company's non-derivative financial liabilities and grouped subject to the relevant expiry dates. The non-derivative financial liabilities are analyzed based on the residual period from the date of balance sheet until the expiry date. The contractual cash flow amount disclosed in the following statement is the undiscounted amount.

Non-derivative financial liabilities December 31, 2023	Within 1 year	Within 1 to 2 years	Within 2 to 5 years	Over 5 years
Deposit received	$ 262	$ 349	$ 5,765	$ 456
Lease liabilities	22,222	21,326	61,908	142,294
	$ 22,484	$ 21,675	$ 67,673	$ 142,750

Non-derivative financial liabilities December 31, 2022	Within 1 year	Within 1 to 2 years	Within 2 to 5 years	Over 5 years
Deposit received	$ 6,114	$ -	$ -	$ 456
Lease liabilities	22,499	21,946	62,598	162,930
	$ 28,613	$ 21,946	$ 62,598	$ 163,386

Except for those specified above, the non-derivative financial liabilities of the Company will expire within the coming year.

(III) Fair value information

1. The levels of the valuation technique adopted to measure the fair value of the financial and non-financial instruments are defined as follows:

Level 1: the quotation of the same asset or liability in an active market on the measurement date acquired by the enterprise (before adjustment). The active market means the market in which there are frequent and large volumes of transactions to provide the information about pricing on an ongoing basis.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of derivatives invested by the Company all belongs to this level.

Level 3: Inputs for the asset or liability that are not based on.

2. The following is the analysis regarding the Company's classification of the financial instruments measured at fair value based on the nature, characteristics and risks of the assets and liabilities as well as the levels of fair value:

December 31, 2023 (December 31, 2022: None)	Level 1	Level 2	Level 3	Total
Repetitive fair value				
Financial assets measured at fair value through profit or loss	$ -	$ 1,613	$ -	$ 1,613

3. The methods and assumptions used by the Company to measure fair value is as follows:

(1) The Company's fair value inputs (i.e. Level 1) adopting the quoted market price are listed in the following based on the characteristics of the instruments:

	TWSE/TPEx listed stocks
Quoted market price	Closing price

(2) Except for the financial instrument in the active market, the fair value of other financial instruments is based on the evaluation technology or the quotation of the counterparty. The fair value acquired through the evaluation technology can take reference from other substantial conditions and similar financial instruments' current fair value and discounted cash flow method or other evaluation technology, including the market information that can be acquired on the date of preparing the parent company only balance sheet. The information is then used on a calculation model (such as yield curve referred by Taipei Exchange and the average quotation of Reuters commercial paper rate).

(3) When evaluating unstandardized financial instruments with low complexity such as debt instrument without active market, interest rate swap contract, exchange swap contract and options, the Company adopts evaluation technology widely used in the market participants. The parameters used by the evaluation model of such financial instruments usually are information observable in the market.

(4) The Company includes the credit valuation adjustment in the consideration for the fair value calculation of financial and non-financial instruments to reflect the credit risk of the trading counterparty and the credit quality of the Company, respectively.

4. There was no transfer between level 1 and level 2 and no transfer-in and transfer-out from level 3 in 2023 and 2022.

XIII. Noted Disclosures

(I) Information related to material transactions

1. Loans to others: None.
2. Endorsement and guarantee made for others: None.
3. Marketable securities held at year-end (excluding investments in subsidiaries, affiliated companies, and joint venture): Please refer to Attachment 1.
4. Accumulated amount of the same marketable security purchased or sold reaching NTD 300 million or more than 20% of the paid-in capital: Please refer to Attachment 2.
5. Amount on acquisition of property reaching NTD 300 million or more than 20% of the paid-in capital: None.
6. Amount on disposal of property reaching NTD 300 million or more than 20% of the paid-

in capital: None.

7. Purchase/sale amount of transactions with the related party reaching NTD 100 million or more than 20% of the paid-in capital: Please refer to Attachment III.
8. Accounts receivable from the related party reaching NTD 100 million or more than 20% of the paid-in capital: Please refer to Attachment IV.
9. Engagement in derivative transactions: Please refer to Note 6(2).
10. Business relationship and major transactions between parent company and subsidiaries and among subsidiaries and amounts: Please refer to Attachment V.

(II) Information related to reinvested enterprises

Information related to the invested company, such as names and locations (excluding the invested company in China): Please refer to Attachment 6.

(III) Information about investment in Mainland China

1. Basic information: Please refer to Attachment VII.
2. Major transactions with the invested company in China either directly or indirectly with occurrence through third regions: Please refer to Attachment VIII.

(IV) Major Shareholder information

Major Shareholder information: None.

CyberTAN Technology Inc.
Cash and cash equivalents
December 31, 2023

Statement 1 Unit: NTD thousand

Item	Summary			Amount
Cash on hand and working fund				$ 292
Current deposit				
- Current deposits in NTD				72,533
- Current deposits in foreign currency	Current deposit in USD	715 thousand	Exchange rate 30.705	21,940
	Current deposit in RMB	2,150 thousand	Exchange rate 4.327	9,304
	Current deposit in other foreign currency			425
Time deposit – NTD				522,353
Cash equivalents – repurchase bonds				489,189
Total				$ 1,116,036

CyberTAN Technology Inc.
Accounts receivable, net
December 31, 2023

Statement 2 Unit: NTD thousand

Customer name	Amount	Remarks
Accounts receivable		
Customer A	$ 343,881	
Customer B	216,610	
Customer C	170,718	
Customer D	46,588	
Others	33,127	Balance of each customer not exceeding 5% of the account amount
Subtotal	810,924	
Less: Allowance loss	(7,476)	
Total	$ 803,448	
Accounts receivable – the related party		
Cloud Network	$ 159,573	
Others	2,776	Balance of each customer not exceeding 5% of the account amount
Total	$ 162,349	

CyberTAN Technology Inc.
Inventory
December 31, 2023

Statement 3 Unit: NTD thousand

Item	Amount: Costs	Amount: Market price	Remarks
Materials	$ 128,872	$ 128,411	The net realizable value of raw materials is based on the replacement cost; the net realizable value of finished goods and semi-finished products is based on the final selling price.
Semi-finished goods	378	393	
Finished products	20,794	22,189	
Total	150,044	$ 150,993	
Less: Allowance for inventory valuation loss	(1,896)		
Net Amount	$ 148,148		

CyberTAN Technology Inc.
Changes in long-term equity investment under the equity method
January 1 to December 31, 2023

Statement 4

Unit: NTD thousand

	Balance, beginning		Increases in the current period (Note 1)		Decrease in the current period (Note 2)		Balance at ending of period			Market price or equity net value	
Name of invested company	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding ratio	Amount	Total price	Collateral and mortgage
CyberTAN Corp,(U.S.A)	600,000	$ 52,232	-	$ 17	-	($ 1,828)	600,000	100	$ 50,421	$ 50,421	None
Ta Tang Investment Co., Ltd.	10,000,000	210,130	-	-	-	(645)	10,000,000	100	209,485	209,485	〃
CyberTAN (B.V.I) Investment Corp.	22,043,717	378,786	9,000,000	277,522	-	(253,392)	31,043,717	100	402,916	402,916	〃
Microelectronics Technology, Inc.	54,070,749	946,785	2,212,007	83,314	(8,760,000)	(260,239)	47,522,756	18.86	769,860	1,782,092	〃
Mega Power Ventures Inc.	1,400,000	18,444	-	1,642	-	(6,409)	1,400,000	25	13,677	13,677	〃
SonicFi INC.	-	-	5,000,000	5,003	-	-	5,000,000	100	5,003	5,003	〃
		$ 1,606,377		$ 362,495		($ 522,513)			$ 1,451,362		

Note 1: The increase in the current period is the investment interest recognized under the equity method, the cash capital increase of the investment under the equity method in the current period, and the share of other comprehensive income of subsidiaries, affiliated companies and joint ventures recognized under the equity method in current period.

Note 2: The decrease in current period is the investment loss recognized under the equity method, disposal of investment under the equity method, the share of other comprehensive income of subsidiaries, affiliated companies and joint ventures recognized under the equity method, and cash dividends received from affiliated companies recognized under the equity method.

CyberTAN Technology Inc.
Statement of short-term loans
December 31, 2023

Statement 5

Unit: NTD thousand

Type of loans	Balance at ending of period	Loan duration	Interest rate interval	Financing quota	Collateral and mortgage	Remarks
Credit loans	$ 39,916	2023/12/22-2024/1/21	6.15%	$ 307.500	None	-

CyberTAN Technology Inc.
Accounts payable
December 31, 2023

Statement 6 | Unit: NTD thousand

Customer name	Amount	Remarks
Accounts payable		
Others	$ 800,155	Balance of each supplier not exceeding 5% of the account amount
Accounts payable – the related party		
Microelectronics Technology and its subsidiaries	$ 19,485	
Belkin	7,209	
Foxconn Interconnect Technology Limited	3,634	
Pan-International Industrial Corp.	2,584	
Others	3,695	Balance of each supplier not exceeding 5% of the account amount
	$ 36,607	

CyberTAN Technology Inc.
Operating revenue
January 1 to December 31, 2023

Statement 7 Unit: NTD thousand

Item	Quantity	Amount	Remarks
Operating revenue			
Communication product	1,701,105	$ 2,978,774	
Others		821,254	
		$ 3,800,028	

CyberTAN Technology Inc.
Operating cost
January 1 to December 31, 2023

Statement 8 Unit: NTD thousand

Item	Amount	
Raw materials, beginning	$	43,628
Add: Materials purchased in current period		86,103
Less: Raw materials, ending	(	128,872)
Reclassified as expenses	(	4,037)
Materials consumed in current period	(	3,178)
Manufacturing expenses		59,561
Current manufacturing costs		56,383
Semi-finished goods, beginning		60
Less: Reclassified as expenses	(	219)
Semi-finished goods, ending	(	378)
Current finished product cost		55,846
Plus: Finished products, beginning		60,840
Current purchase		3,527,506
Less: Finished products, ending	(	20,794)
Reclassified as expenses	(	3,063)
Production and marketing costs		3,620,335
Gains from inventory revaluation	(	970)
Operating cost	$	3,619,365

CyberTAN Technology Inc.
Manufacturing expenses
January 1 to December 31, 2023

Statement 9 Unit: NTD thousand

Item	Amount		Remarks
Salary expenses	$	31,717	
After-sale service fee		7,308	
Material expenses		3,877	
Outsourced processing expenses		3,265	
Others		13,394	Balance of each account not exceeding 5% of the account amount
	$	59,561	

CyberTAN Technology Inc.
Selling expenses
January 1 to December 31, 2023

Statement 10

Unit: NTD thousand

Item	Amount	Remarks
Salary expense	$ 19,845	
Sample fee	5,095	
Royalty	2,920	
Others	9,565	Balance of each account not exceeding 5% of the account amount
	$ 37,425	

CyberTAN Technology Inc.
Administrative expenses
January 1 to December 31, 2023

Statement 11 Unit: NTD thousand

Item	Amount	Remarks
Salary expense	$ 45,272	
Labor service fee	11,148	
Depreciation	8,788	
Insurance premium	5,606	
Others	27,028	Balance of each account not exceeding 5% of the account amount
	$ 97,842	

CyberTAN Technology Inc.
R&D expenses
January 1 to December 31, 2023

Statement 12 Unit: NTD thousand

Item	Amount	Remarks
Salary expense	$ 178,197	
Depreciation	34,106	
Insurance premium	14,539	
Others	48,540	Balance of each account not exceeding 5% of the account amount
	$ 275,382	

CyberTAN Technology Inc.
Summary of employee benefits, depreciation, depletion and amortization expenses of the year by function
January 1 to December 31, 2023

Statement 13 Unit: NTD thousand

By function / By nature	2023			2022		
	As operating costs	As operating expenses	Total	As operating costs	As operating expenses	Total
Employee benefit expenses						
Salary expenses	$ 31,717	$ 243,314	$ 275,031	$ 15,133	$ 208,025	$ 223,158
Expenses for labor and health insurance	1,697	18,194	19,891	1,125	15,690	16,815
Pension expenses	725	8,022	8,747	584	8,734	9,318
Remuneration to Directors	-	1,800	1,800	-	1,800	1,800
Other employee benefit expenses	1,005	9,058	10,063	960	10,472	11,432
Depreciation expenses	2,186	43,528	45,714	2,644	42,651	45,295
Amortization expenses	-	4,590	4,590	-	1,950	1,950

Note:

1. The average number of the Company's employees in current and previous years were 204 and 190, respectively; among them, four directors did not concurrently serve as employees.
2. The company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the information as follow:
   (1) The average employee benefit expense in current year was NTD 1,569 ("total employee benefit expenses in current year - total remuneration to directors" / "number of employees in current year - number of directors not concurred as employees").
   The average employee benefit expense in previous year was NTD 1,402 ("total employee benefit expenses in previous year - total remuneration to directors" / "number of employees in previous year - number of directors not concurred as employees").
   (2) The average employee salary expense in current year was NTD 1,375 (total salary expenses in current year - "number of employees in current year - number of directors not concurred as employees").
   The average employee benefit expense in previous year was NTD 1,200 (total salary expenses in previous year - "number of employees in previous year - number of directors not concurred as employees").
   (3) The change in average employee salary expense was by 14.58% ("average employee salary expenses in current year - average employee salary expenses in previous year" / average employee salary expenses in previous year").

Statement 13 Unit: NTD thousand

3. The Company has established an Audit Committee to replace the authority of the supervisors; therefore, there is no remuneration to supervisors.
4. Please refer to Note 6(25) for the Company's allowance policy of employee remuneration.
5. CyberTAN Technology pays attention to the treatment and benefit of employees and establish a reward system with internal reasonableness and external competitiveness.
   (1) Directors and managers: The Company fully considers the business performance of the Company (including financial and non-financial aspects), individual performance and duties, and the connection and reasonableness between industrial development trends and future economic risks to establish a reasonable remuneration after referring to the external market level. The Company also submits the individual remuneration to the directors and managers reviewed by the remuneration committee to the board of directors for resolution.
   (2) Employees: By conducting regular market surveys and reviews, the Company provides a remuneration level that is better than that provided under the law, with external competitiveness. For the internal salary of employees, the Company plans competitive remuneration based on position, educational background, professional seniority, and work performance while taking into consideration the comparison result of external market salary surveys, regardless of factors such as gender, age, marriage, race, nationality, religion, and politics. In this case, the Company is devoted to forming a quality work environment with complete welfare.