

# **CyberTAN Technology Inc.**

**2023**

## **Annual Report**

**Publication Date: May 10, 2024**

**Company Website: <http://www.cybertan.com.tw>**

**MOPS Website: <http://mops.twse.com.tw>**

This Is A Translation Of The 2023Annual Report (The "Annual Report") Of Cybertan Technology Inc. (The "Company").

This Translation Is Intended For Reference Only And Nothing Else, The Company Hereby Disclaims Any And All Liabilities Whatsoever For The Translation. The Chinese Text Of The Annual Report Shall Govern Any And All Matters Related To The Interpretation Of The Subject Matter Stated Herein.

I. Names, titles, phone numbers and e-mail addresses of the spokesperson and deputy spokesperson.

(I) Spokesperson: Lynn Kuo	Title: Spokesperson
Tel: (03)577-7777	E-mail address:ir@cybertan.com.tw
(II) Deputy Spokesperson: Maxon Huang	Title: Vice President
Tel: (03)577-7777	E-mail address:ir@cybertan.com.tw

II. Addresses and phone numbers of the headquarters, branches and factories.

Headquarters address: Hsinchu Science Park, No. 99, Yuanqu 3rd Rd., Baoshan Township, Hsinchu County  
Tel: (03)577-7777

III. Names, addresses, websites and phone numbers of the stock transfer agent.

Stock Transfer Agent: Stock Affairs Department of Grand Fortune Securities Co., Ltd.  
Address: 6F., No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City  
Website: <http://www.gfortune.com.tw>  
Tel: (02)2371-1658

IV. Names of CPAs, and name, address, website and phone number of the CPA firm for the latest financial statement.

Name of CPA: CPA Min-Chuan Feng , CPA Yung-Chien Hsu  
Name of CPA firm: PricewaterhouseCoopers Taiwan  
Address: 27F., No. 333, Sec. 1, Keelung Rd., Taipei City  
Website: <http://www.pwc.com/tw>  
Tel: (02)2729-6666

V. Name of any exchange where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

VI. Company website: <http://www.cybertan.com.tw>

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## **One. Report to Shareholders**

Dear Shareholders:

We sincerely appreciate your great support for CyberTAN Technology over the past year. We hereby provide a report on the 2022 operational outcome and the 2023 future outlook of the Company for your review and consideration:

### **2023 Financial and Operational Outcomes**

Looking back at our operating outcomes in 2023, our revenue last year reached NTD 3.8 billion, a 33% decline from 2022. The operating performance was not as good as expected, which was indeed unsatisfactory. While many factors contributed to our unsatisfactory operating performance in 2023, we continued to deploy and adjust our operational strategies in the past year. We are expected to shake off the slump in 2024 and gradually regain our growth momentum, with revenue and profitability showing significant improvement.

The overall operating results are summarized as follows: In 2023, our net revenue was NTD 3,805,393 thousand; our net operating loss was NTD 466,557 thousand. The net loss after tax was NTD 316,830 thousand, and the loss per share after tax was NTD 0.97. Regarding our financial operations, we have adhered to the principle of stability and have planned long- and short-term fund usage based on the status of our operations. In 2023, the current ratio was 233.52%, and the debt ratio was 32.57%. Such results show that we currently have sufficient working capital and that our financial structure is sound.

### **2024 Business Outlook**

Despite the uncertainties surrounding global economic growth in 2024, the Company will indeed face many internal and external challenges after over a year of adjustments. However, we have achieved new breakthroughs in the following aspects, and we are confident that by demonstrating our execution capabilities, we will deliver outstanding results in 2024.

- In terms of R&D and business, we're fully committed to the R&D of new product lines to complement the outdated products and technology layouts in the past. We also announced the launch of the CyberWiFi series in the fourth quarter to enter the SME and SOHO markets. The new product line, combined with our self-developed cloud platform and management features, provides SMEs/factory customers and SI vendors with excellent network communication solutions that offer high cost-effectiveness and cloud-based intelligent management. In addition, with the improvement of CyberTAN's R&D capabilities, we have won several new projects in 2024.
- In terms of production and manufacturing, in order to meet the Company's more diversified product lines and operational growth in 2024, we completed the land acquisition in Bac Giang province, Vietnam, and officially broke ground for the new plant in mid-October. The new plant is expected to be completed in Q4 2024 and put into production in Q1 2025. The construction of the new plant and the relocation of production are very important tasks for CyberTAN this year. Headquarters and plant managers, along with colleagues involved, have proactively planned and prepared in advance to ensure connecting shipments during the transfer.
- In terms of promoting corporate sustainability (ESG) initiatives, CyberTAN has launched the '2050 Net Zero Carbon Emission Roadmap' and set interim targets to achieve the goal of net zero emissions by 2050. Each ESG working team is to set short-term, mid-term and long-term goals and launch work plans. The key points in 2024 include: greenhouse gas inventory, green energy construction of renewable energy, sustainable supplier performance, comprehensive external information security testing, and enhancement of occupational safety and security and enhance the professional training of employees. CyberTAN will continue to implement corporate sustainable development in economic, social, environmental, and other aspects.

Looking to the future, CyberTAN will not only launch new products and expand its customer base but also begin to organize an ecosystem to seize vertical markets and emerging fields and accumulate momentum for future growth. In addition, we are actively promoting technological advancement, including upgrading standards, deepening AI integration, and adopting open architectures. This not only facilitates the introduction of new products into new markets but also improves product performance, application services, device management, and introduction costs, thereby improving user experience and solidifying CyberTAN's future position in Wi-Fi and networking.

In 2024, CyberTAN is expected to achieve outstanding results and return good operating results to investors. Despite the challenges in the external environment, we believe that as long as each of our colleagues steadily progresses towards our goals step by step, we will be able to achieve this. Lastly, we want to thank our shareholders, customers, suppliers and all employees for their long-time support and encouragement.

All the best!

Chairman: Gwong-Yih Lee

## Two. Company Profile

### I. Date of incorporation: June 10, 1998

### II. Company milestones:

The Company was established with the capital of NTD 75 million in June 1998. We have 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/Layer 4 switches.

Time	Milestone
June 1998	1-port 10M Ethernet/IP Gateway was successfully developed
July 1998	8-port 10M Ethernet/IP Gateway was successfully developed
November 1998	4-port 10/100M Ethernet/IP Gateway was successfully developed
February 1999	8-port 10/100M Ethernet/IP Gateway was successfully developed
July 1999	Smart Ethernet Gateway was successfully developed
September 1999	The paid-in capital was increased out of cash to NTD 135,000,000
October 1999	We were approved at the 147th meeting by the Steering Committee of the National Science Council to set up a plant in the Hsinchu Science Park
October 1999	4-port 10/100M Switched Ethernet Router was successfully developed
February 2000	1-port 10/100M High-speed Ethernet Router was successfully developed
April 2000	8-port 10/100M Switched Ethernet Router was successfully developed
June 2000	USB Interface 10/100M Switched Ethernet Router was successfully developed
October 2000	10M HPNA Home Network Router was successfully developed
November 2000	The plant at No.99, Park Avenue 3rd, Hsinchu Science Park was purchased
December 2000	The paid-in capital was increased out of cash to NTD 350,000,000
February 2001	Broadband VoIP Router was successfully developed
March 2001	ADSL Router was successfully developed
June 2001	The paid-in capital was increased out of earnings and capital reserves to NTD 693,000,000.
August 2001	VPN Router was successfully developed.
October 2001	The public issuance was approved with the Letter (90) Tai-Cai-Zheng (1) No.162322 of the Securities and Futures Institute
November 2001	4-port 10/100M Switched Wireless 802.11b Ethernet Router was successfully developed
January 2002	Our stock was listed for trading on the emerging stock market
January 2002	Powerline/Ethernet Bridge was successfully developed
February 2002	Powerline/USB Bridge was successfully developed
March 2002	Firewall Bridge was successfully developed
May 2002	4-port 10/100M Switched VPN/Firewall Router was successfully developed
June 2002	We signed a letter of intent with BroMax Communications to officially announce a strategic partnership to public



July 2002	4-port 10/100M Switched Wireless 802.11b VPN/Firewall Router was successfully developed
August 2002	4-port 10/100M Switched Powerline Router was successfully developed
October 2002	2-port WAN/ 4-port LAN Switched VPN/Firewall Router was successfully developed
November 2002	USB VPN/Firewall Network Gateway was successfully developed
November 2002	New shares related to acquisition of the shares of BroMax Communications, Inc. were issued. BroMax Communications was an investee in which the Company had a 100% shareholding. The paid-in capital was increased to NTD 1,463,587,510
December 2002	4-port 10/100M Switched Wireless 802.11g Ethernet Router was successfully developed
March 2003	The Company officially merged with BroMax Communications, Inc. on March 1 set as the merger record date.
March 2003	11b Powerline/Wireless Network Bridge, 11b Wireless Presentation Server, 11g Wireless Network Card, and 11g Wireless Access Point were successfully developed
April 2003	11g Wireless Network Bridge was successfully developed
July 2003	11g ADSL Wireless Router was successfully developed
July 2003	Our stock was listed on the TWSE for trading
February 2004	802.11a/g WLAN product series was successfully developed
March 2004	Wireless Streaming Music Player Supporting Music Downloading and Playing was successfully developed
April 2004	VoIP and ADSL-integrated Wireless Router, Wireless DVD Player, and Wireless PCI Network Card and PCMCIA Network Card in line with the WAPI standard were successfully developed
April 2004	We were the first WAPI (WLAN Authentication and Privacy Infrastructure)-certified network communication company
April 2004	Digital Home Audio Media Adapter was officially shipped.
August 2004	We passed the TL 9000 international certification
September 2004	We passed the WPA2 (Wireless Protected Access 2) and WMM (Wi-Fi Multimedia) certifications.
October 2004	We were the only company in the Greater China that passed the “Designed to DLNA Guidelines” test of the “Digital Living Network Alliance” (DLNA).
November 2004	11a/b/g MIMO Wireless Network Card was successfully developed
December 2004	11a+g Router was successfully developed
January 2005	11b Miniaturized Wireless Module was successfully developed
March 2005	11g Miniaturized Wireless Module was successfully developed
September 2005	Our DMA passed the first official version of the interoperability test of the Digital Living Network Alliance (DLNA)
September 2005	We won the Excellent Enterprise Award of the Industrial Technology Advancement Award which was known as the “Oscars of the tech industry”
April 2014	Wi-Fi 802.11ac 3x3/2x2 Dual-mode Indoor Base Station for Small Businesses was shipped
April 2014	Wi-Fi 802.11ac 3x3/3x3 Dual-mode Indoor Base Station for Small Businesses was shipped

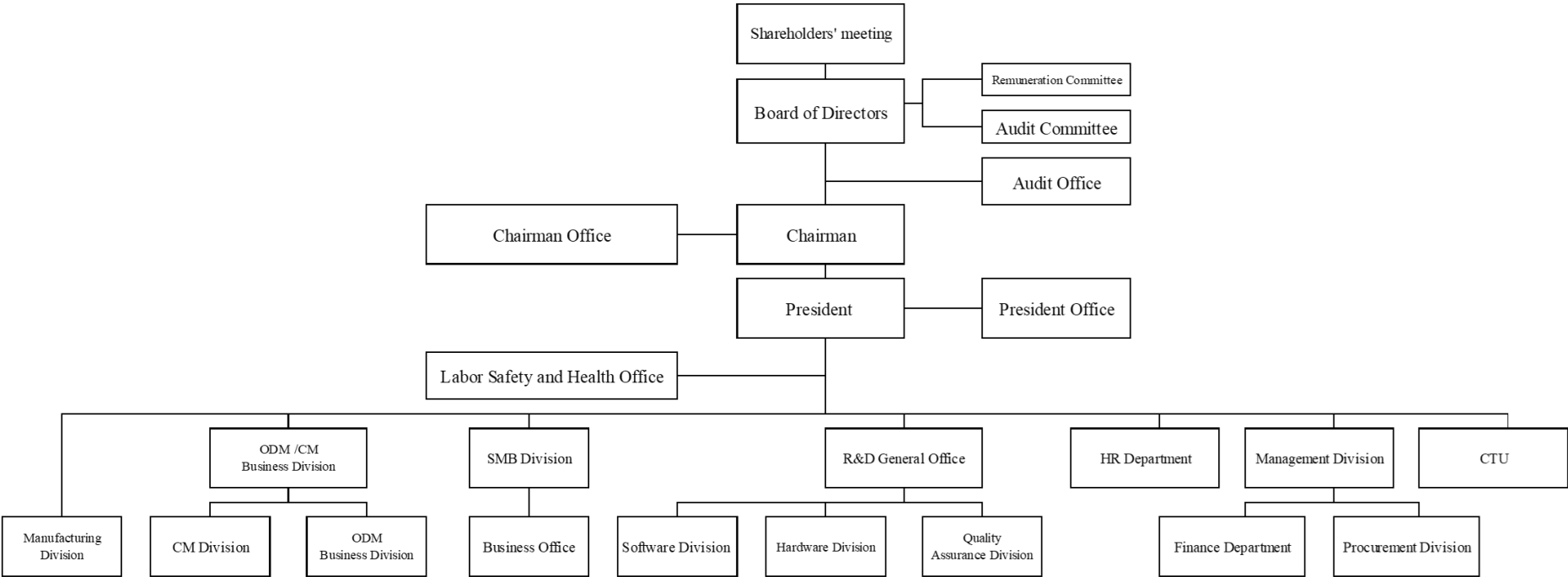
January 2015	DTA HD Gen2 Set-top Box was shipped
April 2015	First batch of 802.11ac Wave-2 Dual-band Dual-mode High-speed Wireless Router was shipped.
September 2015	Ka-band Satellite Broadband Router was shipped
March 2016	Docsis 3.0 Cable Modem was shipped
November 2016	4K Set-top Box was shipped
October 2016	First batch of IoT Wireless Smart Home Sensor Kits was shipped to North American distributors
December 2016	First batch of Home Mesh Wi-Fi Router Kits was shipped
January 2017	Mesh Wi-Fi Router won several awards of the CES Awards – PC Magazine: “The Best Wi-Fi Mesh Network System of 2017”; Last Gadget Standing: “2017 Winner”; ZDNet: “The best smart home, IoT products of CES 2017”; Gotta Be Mobile: “2017 CES Excellence Awards”
March 2018	High-class SD-WAN /vCPE Router was delivered to operators for certification
December 2018	Sample of LEO Satellite Broadband Router was delivered
January 2019	Ka-band Satellite Broadband Mesh Wi-Fi Router was shipped
February 2019	First version of High-speed Satellite Broadband Wireless Extender
March 2019	Mesh Wi-Fi Router for Chinese customers
March 2019	NB-IoT Tracker was delivered to telecommunication operators for certification
April 2019	NB-IoT Tracker for North American customers
April 2020	Wi-Fi 6 Router was shipped
October 2020	5G FWA sample was delivered to customers for testing
November 2020	BMC support VCPE was delivered to customers for certification
April 2021	Wi-Fi 6 Dual-band Mesh Full Coverage Router was shipped
June 2021	Wi-Fi 6E Tri-band High Performance Router was shipped
June 2021	Sample of LEO Satellite Broadband Trial Operation was delivered
August 2021	Wi-Fi 6 Dual-band Router Supporting 10G/GPON was shipped
October 2021	Sample of 5G FWA SD-WAN WIFI 6 Router was delivered to European customers for testing
February 2022	LEO Satellite Broadband Router was mass produced
June 2022	Wi-Fi 6E Tri-band High Performance Outdoor Wireless Base Station was shipped
July 2022	Sample of Wi-Fi 7 4x4 Tri-band High Performance Router was delivered for testing
September 2022	Sample of LEO Satellite Broadband 5G Backbone Network Access Gateway was delivered
November 2022	Sample of LEO Satellite Broadband Maritime Vessel Gateway was delivered
November 2022	Sample of LEO Satellite Broadband 5G Backbone Network Access Gateway was delivered
February 2023	Trial production and sample delivery of 12-Port - 1/10G - Disaggregated Cell Site Gateway Router

March 2023	Trial production and sample delivery of 28-Port - 1/10/25/100G - Disaggregated Cell Site Gateway Router
April 2023	Mass production and shipment of 22-Port - 1/10/25/100G - Disaggregated Cell Site Gateway Router
May 2023	Trial production and sample delivery of 14-Port - 25/100G - Fronthaul Multiplexer
May 2023	Won the Dual-band Wi-Fi 6 GPON Fiber Optic Gateway project
June 2023	Trial production and sample delivery of 16-Port - Disaggregated Cell Site Gateway Router
July 2023	Trial production and sample delivery of LTE-POTS Line Replacement Solution
August 2023	Trial production and sample delivery of 12.8Tbps - Data Center Spine Switch
September 2023	Trial production and sample delivery of 8Tbps - Data Center Spine Switch
September 2023	Shipment of Wi-Fi 6E Dual-Band High-Performance Router
September 2023	Mass production and shipment of Wi-Fi 7 2x2 tri-band high-performance Mesh Wi-Fi router
September 2023	Shipment of GPON carrier Wi-Fi 6 dual-band high-performance router
October 2023	Mass production and shipment of LTE-POTS line replacement solution
October 2023	Field Trial of LEO Satellite Broadband 5G Backbone Network Access Gateway
November 2023	Field Trial and sample delivery of LEO Satellite Broadband Maritime Gateway
November 2023	Sample delivery of OpenWRT Software Platform Wi-Fi 7-supported 2x2 Tri-Band High-Performance Mesh Wi-Fi Router
November 2023	Mass production and shipment of 12-Port - 1/10G - Disaggregated Cell Site Gateway Router
December 2023	Mass production and shipment of 28-Port - 1/10/25/100G - Disaggregated Cell Site Gateway Router
December 2023	Sample delivery of the Smart Home System Central Control Gateway
December 2023	Sample delivery of indoor/outdoor network cameras

Three. Corporate Governance Report

I. Organization

(I) Organizational structure



## (II) Operations of main divisions

Main Department	Business
Audit Office	Audit the Company's internal regulations and systems and provide improvement suggestions.
Manufacturing Division	Responsible for the management of raw material incoming and applications therefor, planning for production scheduling, improvement of production processes, product inspection and shipment operations.
CM Division / ODM Business Division / Business Office	Responsible for market development of products, customer management, order management, collection management, customer complaint handling, planning, research, and specification development as well as promotion of future products.
Software Division/ R&D Division 1	Responsible for technology research and development of software and hardware products, design, sample production, product improvement, product abnormality analysis, design and manufacturing of production jigs and technical support to the Business Division and customers.
Quality Assurance Division	Establish and implement workplace operating rules, improve the Company's product quality, and create an international image so that customers have the best quality assurance.
Management Division/ Finance Department/ HR Department	Responsible for establishing an overall management system and for the Company's general affairs, personnel, payroll, training, finance, accounting, stock affairs, and information systems according to the Company's operational objectives.
Procurement Division	Responsible for supplier resource management, production material planning, procurement and inventory control.

## II.Information about Directors, President, Vice President, Assistant Vice President, and officers of departments and branches

### (I)Directors

#### 1. Shareholding information of Directors

May 10, 2024

Title	Nation ality or place of registr ation	Name	Gender Age	Date of election (appoint ment)	Term (Years)	First elected date	Shareholding when elected		Current shareholding		Current shares held by spouse and minor children		Shares held in the names of others		Selected Education and Professional Qualification Past Positions	Concurrent positions in the Company and in other companies	Other managers, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Share holdi ng ratio	Number of shares	Share holdi ng ratio	Num ber of shares	Share holdi ng ratio	Num ber of shares	Share holdi ng ratio			Title	Name	Relatio nship	
Chairman	ROC	Foxconn Technology Co., Ltd	-	2021.7.30	3	2006.1.20	10,035,348	3.05%	10,035,348	3.04%	-	-	-	-	-	-	-	-	-	
	ROC	Representative: Gwong-Yih Lee	Male 61~70	-	-	-	-	-	663,000	0.20%	670,000	0.20%	-	-	<b>Selected Education and Professional Qualification</b> Master of Electrical Engineering, State University of New York Master of Department of Electronics and Electrical Engineering, National Yang Ming Chiao Tung University  <b>Past Positions</b> Chairman and President of CyberTAN Technology Inc. Founder, Chairman and President of TransMedia Communication Inc. Founder, Chairman and President of Digicom Systems Inc.	●President of CyberTAN Technology Inc. ●Independent Director of Hauman Technologies Corp. ●Director of Microelectronics Technology Inc. ●Partner of Translink Capital ●Director of Creative Technology Ltd. ●Director of ITRI International Inc. ●Director of FOOTPRINTKU INC. ●President of CyberTAN Corp.(USA) ●Chairman of Cyber Touch Investment Inc. ●Chairman of CyberTAN (BVI) Investment Corp. ●Chairman of CyberTAN Technology (Hongkong) Limited	-	-	-	
Director	ROC	Foxconn Technology Co., Ltd	-	2021.7.30	3	2006.1.20	10,035,348	3.05%	10,035,348	3.04%	-	-	-	-	-	-	-	-	-	

Title	Nation ality or place of registr ation	Name	Gender Age	Date of election (appoint ment)	Term (Years)	First elected date	Shareholding when elected		Current shareholding		Current shares held by spouse and minor children		Shares held in the names of others		Selected Education and Professional Qualification Past Positions	Concurrent positions in the Company and in other companies	Other managers, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Share holdi ng ratio	Number of shares	Share holdi ng ratio	Num ber of shares	Share holdi ng ratio	Num ber of shares	Share holdi ng ratio			Title	Name	Relatio nship	
	ROC	Representative: Hank Hsieh	Male 51-60	-	-	-	-	-	201,000	0.06%	-	-	-	-	<b>Selected Education and Professional Qualification</b> Bachelor, Department of Information Management, National Sun Yat-sen University <b>Past Positions</b> Director and Vice President of Finance, CyberTAN Technology Inc. Assistant Vice President of Business Management, Foxconn Communication and Network Solution Business Group Manager of Finance, Ambit Microsystems Corp.	● Chairman of Chongqing Hongdaofu Technology Co., Ltd. ● Chairman of HON YAO FU Technology Company Limited ● Chairman of FU HAI Technology Company Limited	-	-	-	

Title	Nation ality or place of registr ation	Name	Gender Age	Date of election (appoint ment)	Term (Years)	First elected date	Shareholding when elected		Current shareholding		Current shares held by spouse and minor children		Shares held in the names of others		Selected Education and Professional Qualification Past Positions	Concurrent positions in the Company and in other companies	Other managers, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Share holdi ng ratio	Number of shares	Share holdi ng ratio	Num ber of shares	Share holdi ng ratio	Num ber of shares	Share holdi ng ratio			Title	Name	Relatio nship	
Independ ent Director	ROC	Hung-Hsun Ting	Male 61~70	2021.7.30	3	2015.6.22	-	-	-	-	-	-	-	-	<b>Selected Education and Professional Qualification</b> Department of Accounting, Chinese Culture University Passed the national examination for CPA  <b>Past Positions</b> Manager of Certification Department and Project Department, and Partner and Accountant of Baker Tilly Clock & Co Small- and Medium-sized Enterprise Emeritus Instructor Director of Pacific SOGO Department Stores Co., Ltd. Independent Director of HOLA Taiwan Independent Supervisor of Tien Lian Biotech Co., Ltd. Supervisor of Emerging Display Technologies Co., Ltd.	●Partner and Accountant, Baker Tilly Clock & Co ●Independent Director, Remuneration Committee Member, and Accounting and Audit Committee Member and Chair of ShunSin Technology Holdings Limited ●Director of Cen Link Co., Ltd. ●Independent Director / Member of the Compensation Committee of the Audit Committee, M-POWER INFORMATION CO., LTD	-	-	-	



Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment)	Term (Years)	First elected date	Shareholding when elected		Current shareholding		Current shares held by spouse and minor children		Shares held in the names of others		Selected Education and Professional Qualification Past Positions	Concurrent positions in the Company and in other companies	Other managers, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Independent Director	ROC	Judy Y.C. Chang	Female 71-80	2021.7.30	3	2015.6.22	-	-	-	-	-	-	-	-	<b>Selected Education and Professional Qualification</b> Doctor of Law, China University of Political Science and Law; Master of Information Management, Lawrence Institute of Technology; Master of Law, American University; Bachelor, Department of Law, Fu Jen Catholic University  <b>Past Positions</b> Partner, Lee & Lee Attorneys-At-Law Lecturer of Fu Jen Catholic University	●Senior Advisor of Wu & Partners, Attorneys-At-Law	-	-	-	
Independent Director	ROC	Shih-Mei Lin	Female 41-50	2021.7.30	3	2021.7.30	-	-	-	-	-	-	-	-	<b>Selected Education and Professional Qualification</b> LLB. National Taiwan University LLM. University College London, UK passed the national examination for lawyer  <b>Past Positions</b> Lawyer ,Island Taiwan Law Office Lawyer ,K&L Gates Law Office Lawyer ,Kew&Lord Law Office	●Managing Attorney, Dawning Law Office ●Independent Director, Fortune Information Systems Corporation ●Independent Director, Taimide Technology Incorporation ●Director, Shin Kong Financial Holding Co.,Ltd. ●Director, MasterLink Securities Corporation ●Commissioner, Ill-gotten Party Assets Settlement Committee	-	-	-	

Title	Nationality or place of registration	Name	Gender	Age	Date of election (appointment)	Term (Years)	First elected date	Shareholding when elected		Current shareholding		Current shares held by spouse and minor children		Shares held in the names of others		Selected Education and Professional Qualification Past Positions	Concurrent positions in the Company and in other companies	Other managers, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
								Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Independent Director	ROC	Ying-Shan Lin	Male	51-60	2021.7.30	3	2015.6.22	-	-	-	-	-	-	-	-	<b>Selected Education and Professional Qualification</b> EMBA, National Sun Yat-sen University  <b>Past Positions</b> Master of Management Science, Kaohsiung Technology University	● Chairman and President of Mildex Optical Inc. ● Independent Director and Remuneration Committee Member of ShunSin Technology Holdings Limited	-	-	-	

## 2. Major shareholders of corporate shareholders

### (1) Major shareholders of corporate shareholders

Names of corporate shareholders	Major shareholders of corporate shareholders	Shareholding ratio
Foxconn Technology Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	9.88%
	Bao Shin International Investment Co., Ltd.	8.92%
	Hyield Venture Capital Co., Ltd.	6.01%
	Xin Sheng Investment Limited	4.45%
	Hon Yuan International Investment Co., Ltd.	2.41%
	Hon Chi International Investment Co., Ltd.	2.25%
	Standard Chartered Bank as custodian of LGT	2.11%
	Chunghwa Post Co., Ltd.	1.16%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.03%
	JPMorgan in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds .	0.97%

### (2) Major shareholders of major corporate shareholders

Names of corporates	Major shareholders of corporates	Shareholding ratio
Hon Hai Precision Industry Co., Ltd.	Gou, Tai –ming(Terry Gou)	12.56%
	New Labor Pension Fund	2.06%
	Citibank Hosting Government of Singapore Investment Account	1.88%
	LGT Bank AG	1.19%
	JPMorgan Chase Bank Hosting Vanguard STAR Developed Markets Index Fund	1.18%
	JPMorgan Chase Hosting Vanguard Developing Markets Index Fund	1.15%
	Citibank Hosting Norges Bank Investment Account	1.13%
	Citibank Hosting Hon Hai Precision Industry Co., Ltd. Depositary Receipts Account	0.91%
	Standard Chartered Bank's iShares Emerging Markets ETF Investment Account	0.81%
	HSBC (Taiwan) Commercial Bank Co., Ltd. in custody for Morgan Stanley International Limited investment account	0.67%
Bao Shin International Investment Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	100%
Hyield Venture Capital Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	97.95%
Xin Sheng Investment Limited	Hopetown Properties Limited	100%
Hon Yuan International Investment Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	100%
Hon Chi International Investment Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	100%

3. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors :

Criteria Name/Title	Professional Qualification and Experience	Independent Directors' Independence Status	Number of independent directors of other public companies
Chairman Gwong-Yih Lee	For Directors' professional qualification and experience, please refer to page 9-13 of this Annual Report.	Not Applicable	1
Director Hank Hsieh			0
Independent Director Hung-Hsun Ting	None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.(Note 1)	All of the following situations apply to each and every of the Independent Directors: 1.Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2) issued by Taiwan's Securities and Futures Bureau 2.Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any CyberTan shares 3.Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	2
Independent Director Judy Y.C. Chang			0
Independent Director Shih-Mei Lin			2
Independent Director Ying-Shan Lin			1

Note 1: A person shall not act in a management capacity for a company, and if so appointed, must be immediately discharged if they have been:

- 1.Convicted for a violation of the Statutes for the Prevention of Organizational Crimes and: has not started serving the sentence; has not completed serving the sentence; or five years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
- 2.Convicted for fraud, breach of trust or misappropriation, with imprisonment for a term of more than one year, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
- 3.Convicted for violation of the Anti-Corruption Act, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
- 4.Adjudicated bankrupt or adjudicated to commence a liquidation process by a court, and having not been reinstated to his or her rights and privileges;

- 5.Sanctioned for unlawful use of credit instruments, and the term of such sanction has not expired yet;
- 6.If she/he does not have any or limited legal capacity; or
- 7.If she/he has been adjudicated to require legal guardianship and such requirement has not been revoked yet.

Note 2:1.Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

2.Not serving concurrently as an independent director on more than three other public companies in total.

3.During the two years before being elected and during the term of office, meet any of the following situations:

- (1) Not an employee of the company or any of its affiliates;
- (2) Not a director or supervisor of the company or any of its affiliates;
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law;
- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
- (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
- (9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000".

#### 4.Diversity and independence of the Board of Directors:

##### (1) Diversity of the Board of Directors:

Based on the policy of diversification and strengthening of corporate governance in order to promote the sound development of the Company's board composition and structure, the nomination of candidates for directors of the Company shall be adopted the candidate nomination system in accordance with the provisions of the Company's Articles of Incorporation. Each candidate's academic qualifications, work experience, professional background, integrity or relevant professional qualifications, and others are evaluated and considered. After the Board of Directors passed the resolution, the proposed nominees will be submitted to the Shareholders Meeting for election. Currently, there are six directors consisting of professional and diversified members of attorneys, CPAs, lecturers in colleges or universities and professional managers. Directors who are also employees of the Company represent 33.33% of the Board and the independent directors represent 66.67% of the Board. The Company also pays attention to gender equality regarding the composition of Board members. The targeted ratio of female directors is above 25% and the female directors currently account for about 33.33%. The independent directors have about nine years of directorship experience up to the publication date of the annual report and the independent directors under 60 account for 50%.

Item Name of director	Gender	Operational judgment ability	Accounting, financial and legal analysis ability	Business management ability	Crisis management ability	Knowledge of the industry	Insight of international markets	Leadership	Decision-making ability
Gwong-Yih Lee	Male	✓		✓	✓	✓	✓	✓	✓
Hank Hsieh	Male	✓	✓	✓	✓	✓	✓	✓	✓
Hung-Hsun Ting	Male	✓	✓		✓	✓	✓	✓	✓
Judy Y.C. Chang	Female	✓	✓		✓	✓	✓	✓	✓
Shih-Mei Lin	Female	✓	✓		✓	✓	✓	✓	✓
Ying-Shan Lin	Male	✓		✓	✓	✓	✓	✓	✓

(2) Independence of the Board of Directors: The Board of Directors of the Company consists of six directors, of which four are independent directors and two directors as employee (66.67% and 33.33% of all directors), as well as the independent directors are more than half of the board seats. As of May 10, 2024, In addition, all of independent directors comply with the regulations of the Securities and Futures Bureau and none of the circumstances prescribed in paragraph 3 and paragraph 4, Article 26-3 of the Securities Exchange Act exist among the directors and independent directors. The Board of Directors of the Company is independent (Please refer to page 15 of this Annual Report - Disclosure of information on professional qualifications of directors and independence of independent directors).

**(II) President, Vice President, Assistant Vice President, and officers of departments and branches**

May 10, 2024

Title	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shares held by spouse and minor children		Shares held in the names of others		Academic and career achievements	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman & President	ROC	Gwong-Yih Lee	Male	2022.4.6	663,000	0.20%	670,000	0.20%	-	-	<b>Selected Education</b> Master of Electrical Engineering, State University of New York Master of Department of Electronics and Electrical Engineering, National Yang Ming Chiao Tung University  <b>Past Positions</b> Chairman and President of CyberTAN Technology Inc. Founder, Chairman and President of TransMedia Communication Inc. Founder, Chairman and President of Digicom Systems Inc.	<ul style="list-style-type: none"> <li>● Independent Director of Hauman Technologies Corp.</li> <li>● Director of Microelectronics Technology Inc.</li> <li>● Director of Translink Capital</li> <li>● Director of Creative Technology Ltd.</li> <li>● Director of UNITX, Lab.</li> <li>● Director of ITRI International Inc.</li> <li>● Director of FOOTPRINTKU INC.</li> <li>● President of CyberTAN Corp.(USA)</li> <li>● Chairman of Cyber Touch Investment Inc.</li> <li>● Chairman of CyberTAN (BVI) Investment Corp.</li> <li>● Chairman of CyberTAN Technology (Hongkong) Limited</li> </ul>	-	-	-	
Vice President	ROC	Deaxy Wang	Male	2011.8.27	87,000	0.03%	-	-	-	-	<b>Selected Education</b> Master's Program of Electronic Engineering, Yuan Ze University	<ul style="list-style-type: none"> <li>● Supervisor of Ta Tang Investment Co., Ltd.</li> <li>● Supervisor of Fuhongkang Technology (Shenzhen) Co., Ltd.</li> <li>● Supervisor of Chongqing Hongdaofu Technology Co., Ltd. and Responsible Person of its Guangzhou Branch</li> </ul>	-	-	-	
Vice President	ROC	Maxon Huang	Male	2019.10.14	-	-	-	-	-	-	<b>Selected Education</b> Bachelor, Industrial Design, San Jose State University  <b>Past Positions</b> Senior Director of Network Communication Business Group, Foxconn Technology Group	<ul style="list-style-type: none"> <li>● Director of Microelectronics Technology Inc.</li> <li>● Chairman of Fuhongkang Technology (Shenzhen) Co., Ltd.</li> </ul>	-	-	-	

Title	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shares held by spouse and minor children		Shares held in the names of others		Academic and career achievements	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks
					Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Vice President	ROC	Raoul Oyang	Male	2022.6.1	20,000	0.01%	-	-	-	-	<b>Selected Education</b> Master of Applied Mathematics, National Chung Hsing University  <b>Past Positions</b> Senior Director of R&D Division, TP-Link Taiwan R&D CO., Ltd. Vice Director of XAVi Technologies Corporation	None	-	-	-	
associate	ROC	Jeffrey Liu	Male	2023.3.1	-	-	-	-	-	-	<b>Selected Education</b> Doctor of Computer Science, National Tsing Hua University  <b>Past Positions</b> Senior Manager of Business Development, Arcadyan Technology Corporation Manager of Product Line, TP-Link Taiwan R&D CO., Ltd.	●Chairman of SonicFi Inc.	-	-	-	
Finance & Accounting Officer	ROC	Even Lee	Female	2022.10.19	-	-	-	-	-	-	<b>Selected Education</b> Bachelor, Department of Business Administration, National Taiwan University  <b>Past Positions</b> Financial Advisor, Gmax Capital Inc. Finance & Accounting Officer, U-MEDIA Communications, Inc.	●Director of Cyber Touch Investment Inc.	-	-	-	



### III. Remuneration to Directors, President, Vice President in the most recent year

#### (I) Remuneration to directors and independent directors

December 31, 2023

Unit: NTD thousand

Title	Name	Remuneration to Directors								Ratio of sum of A, B, C, and D to profit after tax %		Remuneration to directors who are employees								Ratio of sum of A, B, C, D, E, F and G to profit after tax %		Remuneration from investments beyond subsidiaries or the parent company
		Remuneration (A) (Note 1)		Retirement pension (B)		Remuneration to directors (C)		Business execution expenses (D) (Note 1)				Salaries, bonuses, special allowances, etc. (E)		Retirement pension (F) (Note 2)		Remuneration to employees (G)						
		The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company		All the companies included in the financial statements		The Company	All the companies included in the financial statements	
Chairman	Foxconn Technology Co., Ltd. Representative: Gwong-Yih Lee (Note 3)	-	-	-	-	-	-	-	-	-	-	9,059	9,059	-	-	-	-	-	-	9,059 (2.84)	9,059 (2.84)	None
Director	Foxconn Technology Co., Ltd. Representative: Hank Hsieh (Note 5)	-	-	-	-	-	-	-	-	-	-	4,387	4,387	-	-	-	-	-	-	4,387 (1.38)	4,387 (1.38)	None
Independent Director	Hung-Hsun Ting	-	-	-	-	-	-	422	422	422 (0.13)	422 (0.13)	-	-	-	-	-	-	-	-	422 (0.13)	422 (0.13)	None
Independent Director	Judy Y.C. Chang	-	-	-	-	-	-	420	420	420 (0.13)	420 (0.13)	-	-	-	-	-	-	-	-	420 (0.13)	420 (0.13)	
Independent Director	Shih-Mei Lin	-	-	-	-	-	-	422	422	422 (0.13)	422 (0.13)	-	-	-	-	-	-	-	-	422 (0.13)	422 (0.13)	
Independent Director	Ying-Shan Lin	-	-	-	-	-	-	420	420	420 (0.13)	420 (0.13)	-	-	-	-	-	-	-	-	420 (0.13)	420 (0.13)	
1. Please describe the policy, system, standard and structure of remuneration payment for independent directors and specify the correlation with the remuneration payment amount based on the directors' responsibility, risk, and involvement duration:The Company paid remunerations to the directors in consideration of the peer level in accordance with Article 16 of the Articles of Incorporation. 2. In addition to what is disclosed in the above table, the remuneration to the Company's directors for providing services (such as assuming a non-employee advising post) for all the companies included in the financial statement in the most recent year: None.																						

Note 1: The Company's directors did not receive any compensation from earning distribution but only received their business execution remuneration.

Note 2: The data represent the contribution to expensed incurred retirement pension.

Range of Remuneration

Range of remuneration to the Company's directors	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All the companies included in the financial statements H	The Company	All the companies included in the financial statements I
Below NTD 1,000,000	Gwong-Yih Lee 、 Hank Hsieh 、 Hung-Hsun Ting 、 Judy Y.C. Chang 、 Shih-Mei Lin 、 Ying-Shan Lin	Gwong-Yih Lee 、 Hank Hsieh 、 Hung-Hsun Ting 、 Judy Y.C. Chang 、 Shih-Mei Lin 、 Ying-Shan Lin	Hung-Hsun Ting 、 Judy Y.C. Chang 、 Shih-Mei Lin 、 Ying-Shan Lin	Hung-Hsun Ting 、 Judy Y.C. Chang 、 Shih-Mei Lin 、 Ying-Shan Lin
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)	-	-	-	-
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)	-	-	-	-
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (exclusive)	-	-	Hank Hsieh	Hank Hsieh
NTD 5,000,000 (inclusive) ~ NTD 10,000,000 (exclusive)	-	-	Gwong-Yih Lee	Gwong-Yih Lee
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)	-	-	-	-
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (exclusive)	-	-	-	-
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (exclusive)	-	-	-	-
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (exclusive)	-	-	-	-
Over NTD 100,000,000	-	-	-	-
Total	6 persons	6 persons	6 persons	6 persons

**(II) Remuneration to the President and Vice President**

December 31, 2023 Unit: NTD thousand

Title	Name	Salary (A)		Retirement pension (B)		Bonuses, special allowances, etc. (C)		Employee remuneration amount (D) (Note 3)				Ratio of sum of A, B, C and D to profit after tax (%)		Remuneration from investes beyond subsidiaries or the parent company
		The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company		All the companies included in the financial statements		The Company	All the companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chairman &President	Gwong-Yih Lee	15,866	15,866	351	351	8,996	8,996	-	-	-	-	25,213 (7.96)	25,213 (7.96)	None
Vice President	Deaxy Wang													
Vice President	Maxon Huang													
Vice President	Hank Hsieh													
Vice President	Raoul Oyang													
Vice President	Irving Liu(Note)													

Note : Vice President Irving Liu resigned as Vice President on March 31, 2023; therefore, information after resignation will not be disclosed.

### (III) Remuneration to the top five management personnel

December 31, 2023 Unit: NTD thousand

Title	Name	Salary (A)		Retirement pension (B)		Bonuses, special allowances, etc. (C)		Employee remuneration amount (D) (Note 3)				Ratio of sum of A, B, C and D to profit after tax (%)		Remuneration from investees beyond subsidiaries or the parent company
		The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company		All the companies included in the financial statements		The Company	All the companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chairman &President	Gwong-Yih Lee	3,080	3,080	-	-	5,979	5,979	-	-	-	-	9,059 (2.84)	9,059 (2.84)	None
Vice President	Deaxy Wang	3,134	3,134	108	108	600	600	-	-	-	-	3,842 (1.21)	3,842 (1.21)	None
Vice President	Maxon Huang	3,360	3,360	108	108	266	266	-	-	-	-	3,734 (1.17)	3,734 (1.17)	None
Vice President	Hank Hsieh	2,387	2,387	-	-	2,000	2,000	-	-	-	-	4,387 (1.38)	4,387 (1.38)	None
Vice President	Raoul Oyang	3,139	3,139	108	108	151	151	-	-	-	-	3,398 (1.07)	3,398 (1.07)	None

### Range of Remuneration

Range of remuneration to the President and Vice President	Names of the President and Vice President	
	The Company	All the companies included in the financial statements E
Below NTD 1,000,000	Irving Liu	Irving Liu
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)	-	-
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)	Raoul Oyang	Raoul Oyang
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (exclusive)	Deaxy Wang 、Maxon Huang 、Hank Hsieh	Deaxy Wang 、Maxon Huang 、Hank Hsieh
NTD 5,000,000 (inclusive) ~ NTD 10,000,000 (exclusive)	Gwong-Yih Lee	Gwong-Yih Lee
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)	-	-
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (exclusive)	-	-
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (exclusive)	-	-
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (exclusive)	-	-
Over NTD 100,000,000	-	-
Total	6 persons	6 persons

**(III) Names of the managers receiving employee remuneration and the distribution thereof**

December 31, 2023 Unit: NTD thousand

	Title	Name	Amount paid in shares	Amount paid in cash	Total	Ratio of total amount to profit after tax (%)
Manager	Chairman & President	Gwong-Yih Lee	0	0	0	0
	Vice President	Deaxy Wang				
	Vice President	Maxon Huang				
	Vice President	Hank Hsieh				
	Vice President	Raoul Oyang				
	Vice President	Irving Liu				
	Associate(Note)	Jeffrey Liu				
	Finance & Accounting Officer	Even Lee				

Note : Vice President Irving Liu resigned as Vice President on March 31, 2023; therefore, information after resignation will not be disclosed.

**(IV) Comparison and analysis of the total remuneration to directors, supervisors, the President and Vice President of the Company in proportion to the profit after tax from the Company and companies included in the consolidated statements in the most recent two years shown in the separate or individual financial statements, and the policies, standards, and packages based on which they were paid, procedures of determining remunerations, and their correlation with operating performance and future risks.**

1. Analysis of ratio of total remuneration to profit after tax

Unit: NTD thousand

Year Title	Total remuneration		Ratio of total remuneration to profit after tax	
	2023	2022	2023	2022
Director	15,130	13,148	(4.78)%	(3.59)%
President and Vice President	25,213	26,439	(7.96)%	(7.21)%

Note: The Company and all the companies included in the financial statement paid the same amount for the remunerations.

2. Policies, standards, and packages based on which remunerations are paid, procedures of determining remunerations, and their correlation with operating performance and future risks

(1) Directors: The Company's independent directors receive fixed compensation.

In addition to the attendance fee for each board meeting, directors do not receive other compensation. None of the directors receive remuneration.

(2) President and vice president: The ratio of the distribution of remuneration to the Company's managers is determined based on the profitability and revenue growth rate for the year, subject to Article 20 of the Company's Articles of Incorporation. The remuneration of the Company's managers is determined based on their degree of participation in the Company's operations and the evaluation of their performance. The aspects evaluated include: practices of the Company's core values and operational management skills, financial and operational performance indicators and comprehensive management indicators, and their participation in continuous education and sustainable management. Their other special contributions or significant negative events are also considered in the performance of evaluation and remuneration distribution.

**IV. Corporate Governance Implementation**

**(I) Operation of the Board of Directors**

The Board of Directors convened five meetings in the most recent year (2023).  
The attendance record of the directors is listed as follows:

Title	Name	Actual attendance	Proxy attendance	Actual attendance rate (%)	Remarks
Chairman	Foxconn Technology Co., Ltd. Representative: Gwong-Yih Lee	5	0	100	
Director	Foxconn Technology Co., Ltd. Representative: Hank Hsieh	5	0	100	
Independent Director	Hung-Hsun Ting	3	2	60	
Independent Director	Judy Y.C. Chang	5	0	100	
Independent Director	Shih-Mei Lin(Note3)	5	0	100	
Independent Director	Ying-Shan Lin	5	0	100	

Other particulars:

1. Where the operations of the Board of Directors meet any of the following circumstances, the minutes concerned shall clearly state the meeting date, session, contents of proposals, opinions of all independent directors, and the Company's resolution of said opinions:

- (1) Matters specified in Article 14-3 of the Securities and Exchange Act: Not applicable, The Company has established the Audit Committee.
- (2) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing other than those described above: None.

2. Directors' avoidance of the proposals involving any conflict of interest, information including the director's name, contents of the proposals, causes of recusal, and participation in the voting process should be stated:

(1) Board meeting on 2023/03/15

◎ Proposal: Discussion of the proposal of the managers' reward.

- Directors who recuse themselves due to a conflict of interest: Chairman Gwong-Yih Lee, Director Hank Hsieh.
- Reason for recusal: Remuneration to the aforementioned personnel.
- Participation in voting: The directors mentioned recused themselves from the discussion and voting of this proposal.

◎ Proposal: To remove the non-competition restrictions against directors and their representatives.

- Directors who recuse themselves due to a conflict of interest: Chairman Gwong-Yih Lee, Director Hank Hsieh .
- Reason for recusal: Involved in the proposal to remove the non-competition restrictions against directors and their representatives.
- Participation in voting: The directors mentioned recused themselves from the discussion and voting of this proposal.

(2) Board meeting on 2023/08/09

◎ Proposal: Proposal for subsidiary HR planning.

- Directors who recuse themselves due to a conflict of interest: Chairman Gwong-Yih Lee .
- Reason for recusal: Positions in subsidiaries.
- Participation in voting: The directors mentioned recused themselves from the discussion and voting of this proposal.
- ◎ Proposal: The fifth case of buying back the company's shares and transferring them to employees
  - Directors who recuse themselves due to a conflict of interest: Chairman Gwong-Yih Lee .
  - Reason for recusal: Regarding the treasury shares subscribed by the above persons.
  - Participation in voting: The directors mentioned recused themselves from the discussion and voting of this proposal.
- ◎ Proposal: Discussing manager compensation cases.
  - Directors who recuse themselves due to a conflict of interest: Chairman Gwong-Yih Lee.
  - Reason for recusal: Remuneration to the aforementioned personnel.
  - Participation in voting: The directors mentioned recused themselves from the discussion and voting of this proposal.

(3) Board meeting on 2023/11/10

- ◎ Proposal: Discussing manager compensation cases.
  - Directors who recuse themselves due to a conflict of interest: Chairman Gwong-Yih Lee, Director Hank Hsieh.
  - Reason for recusal: Positions in subsidiaries.
  - Participation in voting: The directors mentioned recused themselves from the discussion and voting of this proposal.

3. Information including the cycle, period, scope, method, and contents of the self-evaluation for the Board of Directors:

Cycle	Once a year
Period	January 1, 2023 – December 31, 2023
Scope	Evaluation of the performances of the Board of Directors, individual director and functional committees
Method	Self-evaluation for the Board of Directors and the members thereof
Item	<p>Items of the internal self-evaluation of the Board of Directors' overall performance include the following five major targets: 1. Participation in the Company's operation; 2. Improvement of the Board's decision quality; 3. The Board's composition and structure; 4. Election and continuous training of the directors; 5. Internal control;</p> <p>Items of the performance evaluation for the directors include the following six major targets: 1. Understanding of the Company's goals and tasks; 2. Knowledge of directors' duties; 3. Participation in the Company's operation; 4. Internal relation maintenance and communication; 5. Directors' professional qualification and continuous training; 6. Internal control;</p> <p>Items of the performance evaluation for the functional committees include the following five major targets: 1. Participation in the Company's operation; 2. Knowledge of the functional committees' duties; 3. Improvement of the functional committees' decision quality; 4. Composition and member election of the functional committees; 5. Internal control.</p>

4. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g. establishment of an audit committee, improvement of information transparency), and

the progress of such enhancements:

- ◎ Establishment of the Remuneration Committee and Audit Committee: The Company established the Remuneration Committee on June 18, 2012 and the Audit Committee on June 22, 2015 to strengthen the Board's performance of its responsibilities.
- ◎ Enhancement of corporate governance: The Company established the "Ethical Corporate Management Best Practice Principles," "Corporate Governance Best-Practice Principles," "Sustainable Development Best-Practice Principles," "Regulations on the Performance Evaluation of the Board of Directors," "Rules of Procedure for Board of Directors Meetings" and "Standard Operation Procedures for Management of the Request from the Board of Directors," which were approved by the Board of Directors; these are assessed and reported the Board of Directors every year in accordance with the "Regulations on the Performance Evaluation of the Board of Directors".
- ◎ Enhancement of information transparency: The Company established the "Operation Procedures for Handling Internal Material Information" and it has been approved by the Board of Directors.
- ◎ The Company's directors consist of professional and diversified members who are attorneys, CPAs, lecturers in colleges or universities and professional managers. In addition, independent directors represent 66.67% of the Board. The Company also pays attention to gender equality regarding the composition of Board members and the female directors currently account for about 33.33%.

## **(II) Operation of the Audit Committee**

The Company's Audit Committee consists of four independent directors and shall convene at least one meeting per quarter. The independent directors are responsible for the adequate expression of the Company's financial statements, election (dismissal), independence and performance of CPAs, effective implementation of internal control, compliance with laws and rules and control over existing or potential risks. Their main responsibilities are described as follows:

- ◎ Establishment or amendment of the Company's internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- ◎ Assessment of the validity of the internal control system.
- ◎ Establishment or amendment of the handling procedures regarding significant financial business behaviors, including the acquisition and disposal of assets, trading of financial derivatives, loaning of funds to others, and endorsement/guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.
- ◎ Matters involving any directors' personal interests.
- ◎ Significant transactions of assets or financial derivatives.
- ◎ Significant loans of funds, and endorsement/guarantees.
- ◎ The offering, issuance, or private placement of equity-type securities.
- ◎ The hiring or dismissal of CPAs, or the compensation given thereto.
- ◎ The appointment or discharge of a financial, accounting, or internal audit officer.
- ◎ Annual financial statements
- ◎ Any other material matter required by the Company or the competent authority.



The Audit Committee held four meetings in the most recent year (2023). The attendance record of the independent directors is listed below:

Title	Name	Actual attendance	Proxy attendance	Actual attendance rate (%)	Remarks
Independent Director	Hung-Hsun Ting	4	0	100	
Independent Director	Judy Y.C. Chang	4	0	100	
Independent Director	Shih-Mei Lin	4	0	100	
Independent Director	Ying-Shan Lin	2	2	50	

Other particulars:

- Where the operations of the Audit Committee meet any of the following circumstances, the minutes concerned shall clearly state the meeting date, session, contents of proposals, resolutions made by the Audit Committee and the Company's resolution of the Audit Committee's opinions.

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

Meeting date (session)	Proposal
March 15, 2023 (The 9 <sup>th</sup> session of the 3 <sup>rd</sup> Audit Committee)	Proposal for assessment of the independence and competence of CPAs and relevant remuneration
	Proposal to establish the pre-licensed policy of the Company's non-assurance service
	Appointment and remuneration for the finance and accounting officers and the corporate governance supervisor of the Company
	Proposal of the Company's "Assessment for the Effectiveness of Internal Control Policies" and "Declaration of Internal Control System"
	Proposal of the 2022 financial statements
	Approve the suspension of non-competition restrictions on the Directors and their representatives.
	Proposal for the approval of capital increase and investment in Vietnam for CyberTAN (BVI) Investment Corp.
May 5, 2023 (The 10 <sup>th</sup> session of the 3 <sup>rd</sup> Audit Committee)	Proposal of the 2022 business report
	Proposal for 2022 earnings distribution
May 5, 2023 (The 11 <sup>th</sup> session of the 3 <sup>rd</sup> Audit Committee)	The fifth transfer of shares repurchased to the stock subscription list of employees who are not managers
	Proposal for establishment of the 2022 Related Matters regarding third Issue of Restricted Stock Awards for Employees of the Company
November 10, 2023 (The 12 <sup>th</sup> session of the 3 <sup>rd</sup> Audit Committee)	Proposal of the 2024 audit plan
	Developed the company's "Sustainability Report Preparation and Verification Operation Methods"
	Amendment to the "Organizational Rules of the Audit Committee" of the Company
	Formulate the company's "Risk Management Policies and Procedures"

	Proposal for the approval of capital increase and investment in Vietnam for CyberTAN (BVI) Investment Corp.
	Proposal for establishment of the 2022 Related Matters regarding fourth Issue of Restricted Stock Awards for Employees of the Company

If none of the independent directors objects or expresses qualified opinions to the proposals mentioned above, such proposals shall be approved unanimously by all attending members.

(2) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of all the directors: None.

2. Independent directors' avoidance of proposals involving any conflict of interest, information including the director's name, contents of the proposals, causes of recusal, and participation in the voting process should be stated: None.

3. Communication of the independent directors with the internal audit officer and CPAs (e.g. the major matters, methods, and results of communication with regard to the financial and business affairs of the Company):

- ◎ Policies of the communication between the independent directors and the internal audit officer: The internal audit officer shall submit audit reports to the independent directors on a regular basis and report the progress of the audit work thereto at least once per quarter. When any material irregularities occur, a report must be immediately prepared for review, and the independent directors shall be notified.
- ◎ Policies of the communication between the independent directors and CPAs: CPAs shall meet with the independent directors at least once a year (at an Audit Committee meeting or a communication meeting) to report the Company's financial position and internal control implementation to the independent directors and explain accounting practice principles and matters causing major impacts on profits or losses and any recent amendments to relevant laws and regulations. In case of any material circumstances, such meeting may be convened at any time.

**(III) Corporate governance implementation, any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof**

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance principles based on Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established the “Corporate Governance Best-Practice Principles” in accordance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and disclosed the same on the Company’s website and MOPS after the approval of the Board of Directors.	No major difference.
II. Company’s equity structure and shareholders’ equity				
(I) Does the Company have any internal operating procedures regulated to deal with suggestions, questions, disputes, and legal actions from shareholders and implement the procedures?	✓		The Company has established the “Regulations on Shareholder Services Management” and the spokesperson, deputy spokesperson and designated personnel to handle the suggestions, questions, disputes and legal actions of shareholders.	(I) No major difference.
(II) Does the Company have a list of the major shareholders who actually control the Company and the persons who are their ultimate controllers?	✓		Part of the Company’s directors are the major shareholders of the Company and the changes in shareholding of the Company’s major shareholders, directors and managers are reported and disclosed on the MOPS according to laws. The Company also has a list of the major shareholders who actually control the Company and the persons who are their ultimate controllers.	(II) No major difference.
(III) Does the Company establish or implement any risk control measures and firewall mechanisms between the Company and the affiliates?	✓		As a listed company, the Company has established a comprehensive internal control system. The Company and its affiliates are individual legal entities with independent finance and business.	(III) No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
(IV) Does the Company establish internal regulations to prohibit Company insiders from using information not available to the market to trade securities?	✓		The Company has established promotion information to prevent insider trading and the “Code of Ethical Conduct for Directors and Managers” to prevent the Company insiders from using information not available to the market to trade securities.	(IV) No major difference.
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board established a diversity policy, specific management goals and implemented it accordingly?	✓		Article 20 of the Company’s “Corporate Governance Best-Practice Principles” has specified the diversity policy for the composition of the Board of Directors. Currently, there are six directors consisting of professional and diversified members of attorneys, CPAs, lecturers in colleges or universities and professional managers. Directors who are also employees of the Company represent 33.33% of the Board and the independent directors represent 66.67% of the Board. The Company also pays attention to gender equality regarding the composition of Board members. The targeted ratio of female directors is above 25% and the female directors currently account for about 33.33%. The independent directors have about nine years of directorship experience up to the publication date of the annual report and the independent directors under 60 account for 50%. Please refer to Page 15 of the related implementation is shown.	(I) No major difference.
(II) Is the Company, in addition to establishing the Remuneration Committee and Audit Committee, pursuant to laws, willing to voluntarily establish any other functional committees?	✓		The Company has established the Remuneration Committee and Audit Committee pursuant to laws and will establish other functional committees depending on the operation status.	(II) No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(III) Does the Company establish policies and methods for evaluating the performance of the Board of Directors, conduct regular performance evaluations every year and report the results to the Board of Directors? Does the Company utilize the results as the reference for the individual remuneration and reelection nomination of directors?	✓		<p>The Company adopted the resolution by the Board of Directors to establish the “Regulations on the Performance Evaluation of the Board of Directors” on November 12, 2019. Please refer to Page 26 of the annual report for the evaluation method and contents.</p> <p>The evaluation results of 2023 have been reported to the Board of Directors in Q1, 2024. The performance of the Board of Directors (Functional Committee) was evaluated as excellent while the self-evaluations regarding the performance of Board members were also excellent. The overall Board of Directors (Functional Committee) functions effectively. For detailed information, please refer to the corporate governance section of the Company’s website.</p>	(III) No major difference.
(IV) Does the Company assess the CPAs for their independence on a regular basis?	✓		<p>The company's audit committee evaluates the independence and competency of its certified accountants every year. In addition to requiring the certified accountants to provide "Declaration of Detachment of Independence" and "Audit Quality Indicators (AQIs)", it also relies on the standards and 13 AQI indicators in the table below. to evaluate. It is confirmed that the accountant has no other financial interests and business relationships with the company except for visa and financial tax case fees; the accountant's family members do not violate the independence requirements, and with reference to the AQI indicator information, it is confirmed that the accountant and the firm are in the verification experience and training The hours are better than the industry average.</p> <p>approved by the Audit Committee on March 15, 2023 was reported and resolved by the Board of Directors on March</p>	(IV) No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof																		
	Yes	No	Summary																			
			<div> <div>15, 2023.</div> <div>Accountant independence assessment standards</div> <table> <tr> <th>evaluation items</th> <th>evaluation result</th> <th>Is it consistent with independence ?</th> </tr> <tr> <td>Those who are currently employed by the client to perform regular work and receive a fixed salary</td> <td>no</td> <td>yes</td> </tr> <tr> <td>A person who once served as an employee of the client and was dismissed less than two years ago</td> <td>no</td> <td>yes</td> </tr> <tr> <td>The firm where he works and the client are related parties to each other</td> <td>no</td> <td>yes</td> </tr> <tr> <td>Those who have a spouse, direct blood relative, direct marriage relative, direct marriage relative, or brother or sister relationship with the chairman or general manager of the client</td> <td>no</td> <td>yes</td> </tr> <tr> <td>The person or his/her spouse has an investment interest or interest-sharing relationship with the principal</td> <td>no</td> <td>yes</td> </tr> </table> </div>	evaluation items	evaluation result	Is it consistent with independence ?	Those who are currently employed by the client to perform regular work and receive a fixed salary	no	yes	A person who once served as an employee of the client and was dismissed less than two years ago	no	yes	The firm where he works and the client are related parties to each other	no	yes	Those who have a spouse, direct blood relative, direct marriage relative, direct marriage relative, or brother or sister relationship with the chairman or general manager of the client	no	yes	The person or his/her spouse has an investment interest or interest-sharing relationship with the principal	no	yes	
evaluation items	evaluation result	Is it consistent with independence ?																				
Those who are currently employed by the client to perform regular work and receive a fixed salary	no	yes																				
A person who once served as an employee of the client and was dismissed less than two years ago	no	yes																				
The firm where he works and the client are related parties to each other	no	yes																				
Those who have a spouse, direct blood relative, direct marriage relative, direct marriage relative, or brother or sister relationship with the chairman or general manager of the client	no	yes																				
The person or his/her spouse has an investment interest or interest-sharing relationship with the principal	no	yes																				

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
IV. If the Company is a TWSE/TPEX listed company, does the Company have qualified governance personnel in an appropriate number and designate one chief corporate governance officer to oversee corporate governance affairs (including but not limited to providing the directors and supervisors with information needed to perform their duties, assisting the legal compliance of the directors and supervisors, handling matters related to board meetings and shareholders' meetings according to laws and preparing minutes of board and shareholders' meetings)?	✓		<p>As the corporate governance unit of the Company, the management division is responsible for matters related to corporate governance to set up Corporate Governance Officer based on the resolution of Board of Directors on May 8, 2019. The major duties include handling matters related to board meetings and shareholders' meetings according to laws, preparing minutes of board and shareholders' meetings, assisting assumption of office and continuing education of directors, providing the directors with information needed to perform their duties, assisting the legal compliance of the directors, and other matters regulated in the Articles of Incorporation or contracts.</p> <p>The business implementation of the Company's corporate governance unit in 2023 is as follows:</p> <p>(I) Dealing with change in registration of the Company.</p> <p>(II) Arranging matters regarding the continuing education for directors regularly, provision of information required for performance of duties by the directors and latest development of laws and regulations related to company management to assist the directors in legal compliance.</p> <p>(III) Implementing meeting procedures of the Board of Directors and the shareholders' meeting and resolution regarding legal compliance matters.</p> <p>(IV) Responsible for announcing material information of important resolutions after the Board meeting to ensure the legitimacy and accuracy of material information and secure the information equivalence in investor trading.</p> <p>Further education of the Corporate Governance Supervisor</p>	No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			for 2023: Corporate fraud investigation practice and case analysis on March 28, 2023 for 6 hours, Analysis of illegal cases of auditing/accounting personnel and how to deal with them on July 13, 2023 for 6 hours, Analysis of legal norms and practical cases of insider trading on October 24, 2023 for 3 hours.	
V. Does the Company build communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), establish a stakeholder section on the Company's website, and duly respond to the stakeholders' concerns on issues related to corporate social responsibilities?	✓		The Company has established a stakeholder section on the Company's website to build the communication channels with stakeholders and duly respond to the stakeholders' concerns on important issues.	No major difference.
VI. Does the Company commission a professional registrar to deal with the affairs of shareholders' meetings?	✓		The Company has appointed the Share Administration Department of Grand Fortune Securities as the registrar to deal with the affairs of shareholders' meetings of the Company.	No major difference.
VII. Information disclosure				
(I) Does the Company establish a corporate website to disclose information concerning financial affairs and corporate governance?	✓		The Company has established Chinese and English websites of the Company and disclosed information concerning financial affairs and corporate governance.	(I) No major difference.
(II) Does the Company use other information disclosure methods (e.g. establishment of an English website, assignment of specific personnel to collect and disclose	✓		The Company has assigned specific personnel responsible for the collection and disclosure of corporate information and implemented a spokesperson system. We also have established an English website and held the investor conference to disclose information concerning financial	(II) No major difference.



Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
<p>corporate information, implementation of a spokesperson system, and the broadcasting of investor conferences via the company website)?</p> <p>(III) Does the Company publicly announce and file the annual financial report within two months after the close of fiscal year and announce and file the financial reports of the first, second and third quarters and the monthly operation status prior to the regulated deadline?</p>	✓		<p>affairs and business on December 8, 2023.</p> <p>The Company publicly announces the annual financial report, quarterly financial reports and monthly operation status within the deadline according to the regulations without any announcement in advance.</p>	(III) No major difference.
VIII. Does the Company have additional important information that is helpful to understand the implementation of the corporate governance (including but not limited to the interests and care of employees, investor relationships, supplier relationships, rights of stakeholders, continuing training of directors and supervisors, implementation of risk management policies and risk assessment standards, implementation of customer policies, and liability insurance coverage for directors and supervisors)?	✓		<p>1.The Company pays attention to the interests of employees and relations between the employer and employee by irregularly holding labor-management communication meetings.</p> <p>2.Focusing on the investor relationships, supplier relationships and the rights of stakeholders, the Company has established the spokesperson and designated personnel to handle the inquiry of the shareholders, suppliers and all stakeholders.</p> <p>3.The directors of the Company participate in the continuing education courses to strengthen their professional capabilities. Please refer to Attachment 1 and 2 for the continuing education status of directors and managers in 2023.</p>	No major difference.

Evaluation item	Implementation			Nonconformities to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>4.The directors of the Company pay attention to proposals involving personal interests and avoid participation due to conflict of interests in accordance with the laws.</p> <p>The Board of Directors' meetings of the Company are convened at least once every quarter with good participation of the directors.</p> <p>The internal control policies, risk management systems and necessary regulations of the Company are implemented faithfully after reported and approved by the Board of Directors.</p> <p>5.The Company has purchased liability insurance for all directors and relevant information is disclosed on MOPS.</p>	

IX. Please explain the improvements made based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures for any issues that are yet to be rectified:

- 1.The Company participates in the corporate governance evaluation every year ten consecutive times.
- 2.The Company has enhanced the following corporate governance matters in 2022:
  - (1) Formulate an intellectual property management plan that is linked to business goals.
  - (2) Establishment of a unit dedicated to (concurrently engaged in) promotion of sustainable development, implementation of risk assessment of environmental, social, and corporate governance issues related to corporate operation, establishment of relevant risk management policies or strategies based on the principle of materiality, and the promotion of sustainable development are all supervised by the Board of Directors.
  - (3) Based on the proposed framework for task force on climate-related financial disclosures (TCFD), the Company discloses 4 categories of information including corporate governance, strategies, risk management, indicators, and goals regarding climate-related risks and opportunities of the corporation.
- 3.The Company takes priority corrective actions for the following matters based on the result of corporate governance evaluation:
  - (1) Report on remuneration received by directors at regular shareholders' meeting.
  - (2) The sustainability report was discussed and approved by the board of directors before the announcement.

**Attachment 1: In-service training of the Company's Directors in 2023**

Name	Course	Organizer	Date of Course	Hours
Director : Gwong-Yih Lee	Risks are everywhere, how to effectively manage them?	Taiwan Corporate Governance Association	2023/07/11	3
	AI practical application and legal analysis	CNAIC	2023/10/06	3
Director : Hank Hsieh	Legal risk control for digital transformation	Corporate Sustainable Association Operating Develop ment	2023/11/30	3
	Compliance practices of board of directors and legal responsibilities of directors and supervisors and case studies	Corporate Sustainable Association Operating Develop ment	2023/12/15	3
Independent Director : Hung-Hsun Ting	IFRS2 share-based basic benefits and important issues in IFRS9, IFRS15 and IFRS16	CPA ASSOCIATIONS R.O.C.(TAIWAN)	2023/08/07	3
	Introduction to ESG and lazy bag	CPA ASSOCIATIONS R.O.C.(TAIWAN)	2023/08/15	3
	Improve information security literacy and personal data protection	CPA ASSOCIATIONS R.O.C.(TAIWAN)	2023/10/11	3
Independent Director : Judy Y.C. Chang	ESG trends and epidemic environment talk about global and Taiwan tax reform and corporate tax governance	Taiwan Corporate Governance Association	2023/05/12	3
	Big data analysis and fraud detection and prevention	Taiwan Corporate Governance Association	2023/08/18	3
Independent Director : Shih-Mei Lin	2023 Insider Trading Prevention Promotion Conference	Accounting Research and Development Foundation	2023/06/02	3
	Net Zero Emissions 2030/2050 - Sustainability Challenges and Opportunities for Global Businesses	Taiwan Corporate Governance Association	2023/08/10	3
	Corporate Governance Lecture	TABF	2023/09/28	3
Independent Director : Ying-Shan Lin	Family Charters and Family Offices	Taiwan Corporate Governance Association	2023/10/27	3
	American Corporate Governance: Historical Evolution and Recent Developments	Taiwan Corporate Governance Association	2023/11/10	3

**Attachment 2: In-service training of the Company's managers and their proxies in 2023:**

Name	Course	Organizer	Date of Course	Hours
Accounting Officer: Even Lee	Decipher financial statements and analyze corporate fraud and scams	The Institute of Internal Auditors-Chinese Taiwan	2023/06/08	6
	Corporate M&A Practice and Financial Assessment	Shih Chien University	2023/09/21	3
	New Equity Design Practice	The Allied Association For Science Park Industries	2023/11/22	3
Deputy Accounting Officer: Sam Huang	Continuing Education Program for the Accounting Managers of Issuers, Securities Firms and Exchanges	Accounting Research and Development Foundation	2023/09/11 to 2023/09/12	12

**(IV) Disclosure of the composition, responsibility, operation of the Remuneration Committee (if any)**

**1.Information about Remuneration Committee members**

Criteria Name/Title	Professional Qualification and Experience	Independent Directors' Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as a Compensation Committee Member
Convenor and Independent Director Ying-Shan Lin	CyberTan's Compensation Committee is comprised of all four independent directors. For members professional qualification and experience, please refer to page 9-13 of this Annual Report.	All the Compensation Committee members meet any of the following situations:	1
Independent Director Hung-Hsun Ting		1.Satisfy the requirements of Article 14-6 of "Securities and Exchange Act" and the requirements of "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" (Note) issued by Taiwan's Securities and Futures Bureau	2
Independent Director Judy Y.C. Chang		2.Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any CyberTan shares	0
Independent Director Shih-Mei Lin		3.Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	2

Note : During the two years before being elected and during the term of office, meet any of the following situations:

- (1) Not an employee of the company or any of its affiliates;
- (2) Not a director or supervisor of the company or any of its affiliates;
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law;
- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
- (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
- (9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service" which total compensation within the recent two years exceeds NT\$500,000".

## 2. Operation of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of three independent directors (Ying-Shan Lin, Hung-Hsun Ting, Judy Y.C. Chang and Shih-Mei Lin).
- (2) Term of office: 2021/07/30–2024/07/29. The Remuneration Committee convened four meetings (A) in 2023, and the attendance of the Committee members are listed as follows:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance rate (%) (B/A)	Remarks
Convener and independent director	Ying-Shan Lin	2	2	50	
Independent Director	Hung-Hsun Ting	4	0	100	
Independent Director	Judy Y.C. Chang	4	0	100	
Independent Director	Shih-Mei Lin	4	0	100	

Meeting date (session)	Proposal
March 15, 2023 (1st meeting in 2023)	Appointment and remuneration for the finance and accounting officers and the corporate governance supervisor of the Company
	Proposal for promotion of the Company's managers
	Discussion of the proposal of the managers' reward
May 5, 2023 (2th meeting in 2023)	Discussion of the proposal of the managers' reward
Aug 9, 2023 (3rd meeting in 2023)	Proposal of the remuneration of the Company's new employed managers
	The fifth transfer of shares repurchased to the stock subscription list of employees with managerial status
	The third issuance of restricted stock awards in 2022 by the Company for employees serving as managers
	Discussion of the proposal of the managers' reward
November 10, 2023 (4th meeting in 2023)	Discussion of the proposal of the managers' reward

Other particulars:

1. Scope of Duties of the Remuneration Committee:
  - (1) Establish and periodically review the policies, standards and structure of the performance evaluation and remuneration for the directors and managers of the Company.
  - (2) Regularly review and adjust the remunerations to the directors and managers.
2. If the Board of Directors does not adopt or amend the suggestions from the Remuneration Committee, the date and session of the Board meeting, contents of the proposals, meeting resolutions, and the Company's handling of the Remuneration Committee's opinions shall be specified (if the remuneration passed by the Board of Directors is higher than that suggested by the Remuneration Committee, the deviation and causes thereof shall be specified): None.
3. If any member objects or expresses qualified opinions to the resolution made by the Remuneration Committee, whether on-the-record or in writing, the date and session of the meeting, contents of the proposal, the entire members' opinions, and how their opinions are addressed shall be specified: None.

**(V) Promote the implementation of sustainable development**

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
I. Does the Company establish a governance structure to promote sustainable development, established a dedicated (part-time) unit to promote sustainable development; and did the Board of Directors authorize senior management to handle it and report the supervisory status to the Board of Directors?	✓		<p>To achieve corporate sustainable development, the Company has established a part-time Sustainability Committee with the Chairman, who is also the President, serving as the Chairman. The Sustainability Promotion Office was set in the President Office, consisting of 5 separate teams to formulate work plans. Starting in August 2023, the Sustainability Committee, chaired by the Chairman and involving senior executives from various fields met monthly to review the Company's core operational capabilities. They set mid- to long-term sustainable development plans and, by the end of 2023, launched the Company's top ten sustainability projects for 2024. These meetings track the progress of sustainability initiatives, continuously promoting and deepening the Company's culture of sustainability.</p> <p>Since the second quarter of 2023, the Sustainability Committee has been reporting the progress to the Board of Directors every quarter. The content of proposals includes (1) sustainable development implementation and work plan execution performance, (2) climate-related financial disclosure reports, and (3) greenhouse gas emissions inventory evaluation and implementation. The Company's Board of Directors listens to the sustainability report regularly every quarter. It is required to propose the Company's sustainability goals and strategic plans to the Board of Directors and review its performance. If there is</p>	No major difference.

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
			any need for amendment, the Board of Directors will urge the management team to make improvements.	
II. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality?	✓		<p>This disclosure covers the company's sustainable development performance at its major locations from January 2012 to December 2012. The risk assessment boundary is mainly the company, including existing bases in Taiwan, Mainland China, Vietnam, and the United States. Based on the relevance to the operating industry and the degree of impact on major themes, the subsidiary Chongqing Hongdaofu Technology Co., Ltd. , HON YAO FU TECHNOLOGY COMPANY LIMITED included in the scope.</p> <p>The Company follows the principle of materiality and uses Risk Priority Number (RPN) to assess risk regarding environmental, social, and corporate governance issues:</p> <p><b>Environmental Aspect:</b></p> <p><b>Carbon Tax Collection</b></p> <ul style="list-style-type: none"> <li>• Continue to monitor the implementation methods and details of carbon fee collection by government agencies, the EU's Carbon Border Adjustment Mechanism (CBAM), and the execution methods and legislative progress of the United States' Clean Competition Act (CCA) regarding reporting and taxation.</li> <li>• Plan projects for "Executing Product Carbon Footprint Inventory" and "Continuously Developing and Implementing Low-Carbon/Zero-Carbon Technologies," and continue to innovate and develop carbon-reduction technologies, adopting feasible carbon-reduction solutions to mitigate the impact of carbon taxes and fees.</li> </ul> <p><b>Non-compliance with environmental and climate change-related regulations and agreements</b></p> <ul style="list-style-type: none"> <li>• Supplier Environmental and Human Rights Due Diligence</li> </ul>	No major difference.



Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary	
			<ul style="list-style-type: none"> <li>• Regular updates on international conventions and climate change legislation</li> </ul> <p><b>Social Aspect:</b></p> <p><b>Labor shortage</b></p> <ul style="list-style-type: none"> <li>• Establish and train mid-level management capabilities, implement work lists and operational procedures, and strengthen professional complementarity and technical knowledge transfer among talents</li> <li>• Conduct irregular manpower inventory and allocation for each plant and office</li> <li>• Increase salaries and workplace benefits to attract talent</li> </ul> <p><b>Loss of talents</b></p> <ul style="list-style-type: none"> <li>• Job transfer and agent training system</li> <li>• Allow personnel of different positions to exchange professional and technical information</li> </ul> <p><b>Corporate governance:</b></p> <p><b>Inflation</b></p> <p>Pay attention to market price fluctuations at all times, maintain good interaction with suppliers and customers, improve product price competitiveness, and avoid major impacts on the Company due to inflation</p> <p><b>Information security attacks</b></p> <ul style="list-style-type: none"> <li>• Install anti-virus software with ransomware protection and update it periodically</li> <li>• Firewall upgrades and periodic operating system patching</li> </ul> <p>Conduct information security training to enhance employees' information security awareness</p>	



Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
<p>change in relation to the Company and adopt countermeasures related to climate issues?</p> <p>(IV) Does the Company gather statistics of the greenhouse gas emission, water consumption and the gross weight of waste of the past 2 years and establish policies for energy saving, carbon reduction, reduction of greenhouse gas emission and water consumption or other waste management?</p>	✓		<p>inventory regularly, review the data of water consumption and the total amount of waste, so as to mitigate the risk of climate change.</p> <ol style="list-style-type: none"> <li>1. For our greenhouse gas emission, water consumption, and total weight of waste in 2022 and 2023, please refer to Attachment 1.</li> <li>2. We conduct air quality improvement measures even though we are not in the first batch of announced premises conforming to the Indoor Air Quality Act. Considering our employees stay in indoor environments (including homes, offices or other buildings) at least for eight hours every day and the indoor air quality directly affects the working quality and efficiency, we should pay attention to the impact of indoor air pollutants on human health.</li> </ol> <p>A. Therefore, in addition to granting subsidies for employees to earn certifications, we have set the maintenance frequency and measures for our air conditioning system, for example, cleaning the filter of the indoor blower, planting indoor/outdoor plants (around 200 trees and hedgerows are planted outdoors to form a greenbelt), increasing/decreasing outdoor air circulation based on the air quality provided by the Central Weather Bureau, and moving printers to non-office areas or installing air extractors. For indoor decoration, we have asked contractors to use materials and paint that are the “Green Building Material” in the hope to improve the quality of</p>	(IV) No major difference.

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary	
			<p>indoor/outdoor air.</p> <p>B. Our labor safety unit purchases portable CO<sub>2</sub> detectors and monitors the indoor air quality at any time to provide employees with the good air quality.</p> <p>3. Water improvement measures: Our water consumption is generated mainly from domestic water for employees (water for drinking and bathrooms) and air conditioner water. The water used is running water originating from the Baoshan Second Reservoir in Hsinchu. There is no wastewater generated from production. Clean rainwater in plants is drained to rainwater ditches on the ground to ensure the separation of rainwater and wastewater.</p> <p>Water saving measures:</p> <p>A. Suspend the cleaning of walls</p> <p>B. Reduce the frequency of cleaning cooling towers (from twice a year to a frequency as appropriate)</p> <p>C. Plant drought-enduring plants</p> <p>D. Install water economizers for taps in bathrooms and reduce the amount of water used for a flush</p> <p>E. Assign security to record water meter readings and keep an eye on any leaks in water facilities to avoid waste of water resources</p> <p>F. Further maintain water facilities with leaks</p> <p>G. Reduce the operational time of the water chiller and bring in outdoor fresh air in all the seasons other than summer to reduce the operational time of the water chiller or avoid the use of the water chiller (the operational time is</p>	

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
			<p>reduced from 24 hours to 0–12 hours).</p> <p>The measures mentioned above have been implemented successively since 2013 to actively reduce the consumption of tap water.</p> <p>4. For the waste management policy, the Company has actively reduced wastes by improving the design and manufacturing, use of materials, and packaging materials, effectively performed internal waste sorting, and formulated waste disposal plans.</p> <p>Target: 80% waste recycling rate or above. Measures for reduction:</p> <p>A. Control the printing paper consumption and encourage employees to reuse paper printed on one side.</p> <p>B. Implement waste and sorting and recycling</p> <p>C. Recycle or return cartons, styrofoam and pallets to suppliers.</p> <p>D. Reuse coffee grounds as a fertilizer for trees.</p> <p>E. Provide wastepaper to the Yuen Foong Yu Paper Factory for recycling.</p> <p>No third party verification. In June 2012, he participated in Wenpan coaching from a consulting company commissioned by the Science Industrial Park Administration Bureau.</p>	
<p>IV. Social issue</p> <p>(I) Does the Company develop management policies and procedures in accordance with the relevant regulations and</p>	✓		<p>The Company observes related labor laws and respects the basic and internationally recognized basic labor rights. Our employees are covered by labor and health insurance, and their pension is contributed in accordance with law, in order to</p>	(I) No major difference.

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary	
international human rights conventions?			guarantee their legitimate rights. All of our management systems comply with the local labor laws and regulations, and the relevant systems are announced on our internal website for employees' reference.	
(II) Does the Company establish and implement proper employee welfare measures (including the salary, holidays and other welfare) and reflect the corporate business performance or achievements in the employee remuneration?	✓		<p>The company complies with the "Labor Standards Act" and related laws and regulations to formulate various welfare measures for employees, and provides market competitive benefits to motivate employees. In addition, regular performance appraisals are used as the basis for annual salary increases and promotions, and performance bonuses are issued to share with colleagues. Surplus results.</p> <p>The company attaches great importance to the salary and benefits of its colleagues. The overall salary includes basic salary, increment, allowances and bonuses. The company measures market salary levels through salary surveys and reference to overall economic indicators and price index evaluations every year to conduct competitive evaluations. Salary adjustment is expected to attract outstanding talents to join the company. The salary and remuneration evaluation of employees is based on their positions, professional skills, academic experience, professional years and personal performance. There will be no differential treatment based on gender, race, religion, or political affiliation. The average employee salary will be increased by 4% in 2023.</p>	(II) No major difference.
(III) Does the Company provide employees with a safe and healthy work environment, and	✓		<p>1. Our two plants are engaged in R&amp;D, and thus, there is no use of toxic chemicals in production or manufacturing. The measures for personnel safety and environmental control are</p>	(III) No major difference.

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
provide safety and health education to employees regularly?			<p>as follows:</p> <p>(1) Personnel safety measures:</p> <p>A. Our security guards work 24-hour shifts and inspect the plant after hours on a regular basis (every 2 hours from 22:00) to ensure the safety of employees working overtime and check if the electronic equipment in unused areas is turned off.</p> <p>B. Eight emergency push-buttons are installed in the motorcycle parking shed and car parking lot. Once a button is pressed, a call for assistance is sent to the security station.</p> <p>C. The entrances and exits of offices in each floor are equipped with an access control system. Surveillance equipment is also installed at entrances and exits. We provide an extension phone for employees to contact security or other employees in case they forget to bring their access card or are locked out.</p> <p>D. Our occupational safety personnel inspect the plant once or twice every day and sign in at each area that needs to be inspected.</p> <p>E. We conduct new personnel training (3 hours) and on-job employee training (3 hours for 3 years) according to the Occupational Safety and Health Act. We teach new employees the environmental safety/ traffic safety/ emergency evacuation location (in case of fire). In the on-job employee training,</p>	

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary	
			<p>employees are taught electronic device/fire safety.</p> <p>F. We perform fire safety training twice a year. The training includes the firefighting team training and the evacuation drill for all employees.</p> <p>G. Stairs are equipped with anti-slip strips, and safety nets and anti-collision cushions are placed in the stairwells.</p> <p>(2) Workplace protection measures:</p> <p>A. We conduct the operational environment inspection (CO2 and illumination) twice every year pursuant to the Occupational Safety and Health Act. The inspection report is regularly announced/reviewed, and all the inspection results are better than the requirement of the law.</p> <p>B. CO2 detectors are installed on each floor. We monitor the indoor air quality at any time, and employees may observe the air quality on their own, in order to provide the employees with the good air quality.</p> <p>C. Induction lamps are installed in the basement for energy saving/safety purpose.</p> <p>2. Occupational safety and health management system (ISO 45001): Independently build and install occupational safety management system documents. Although it has not obtained ISO 45001 or CNS 45001 certification, it has written corresponding rules and regulations that are consistent with the occupational safety system according to</p>	



Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
	✓		<p>the certification system and established annual occupational safety work. Plan and check regularly according to the plan every month.</p> <p>3. 3. The number of occupational accidents among employees is 0, accounting for 0% of the total number of employees. Regular on-the-job health examinations are carried out for current employees, and relevant health lectures and activities such as "Breaking the negative cycle of physical and mental stress and sleep - Comfort" are held from time to time. "Sleep pressure method".</p> <p>4. 4. The number of fires in the year was 0, the number of casualties and the ratio of the number of casualties to the total number of employees was 0%. Simulated emergency response drills are conducted every six months according to different situations. The fire response team is divided into five groups: notification class/fire fighting class/safety protection class/evacuation guidance class/rescue class. Each performs its own duties and teaches and conducts evacuation drills for the entire factory. It can avoid or minimize casualties and protect employee safety when a disaster occurs. The company's top management attaches more importance to the annual evacuation drill. On November 28, in addition to the participation of all employees in the factory, they also simulated how to choose other escape exits when one of the escape exits is closed. In order to cope with the situation of the exit being closed, all employees only Complete the roll call within 8 minutes.</p>	

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
(IV) Does the Company have an effective career capacity development training program established for the employees?			<p>1.New employee training: Provide new employees with courses such as "company introduction, management regulations, labor safety,..." to help new employees quickly integrate into the work team.</p> <p>2.Professional training: Professional courses for employees are arranged every year, such as "Design and Measurement of Key RF Transceiver Circuits, Procurement Negotiation Strategies and Contract Management Practices,...", etc., in order to strengthen employee functions, increase personal competitiveness, and benefit Employees' future career development.</p> <p>3.Supervisor training: Plan a series of management ability and practical drill training programs for grassroots and middle-level and senior managers, such as "Problem Analysis and Solving, High-Performance Team Leadership,...", and then make a good succession plan and build an elite team .</p>	(IV) No major difference.
(V) Does the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented	✓		<p>To protect consumers' rights, complaint channels are provided on the Company's website for the consumers to contact our R&amp;D, procurement, production, operational and service personnel.</p> <p>The Company complies with relevant laws and international standards with regard to marketing and labeling in relation to our products and services.</p>	(V) No major difference.

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary	
(VI) Does the Company establish supplier management policies and require them to follow relevant regulations on the issues of environmental protection, occupational safety and health, or labor rights? How is the implementation?	✓		<p>According to the company regulations, new suppliers must sign the quality contract and provide the “RoHS Management Survey Form.” The components used by the Company must be RoHS compliant, and REACH and RBA regulations have been investigated in response to customer requirements, and the supplier’s management (PLM) system has been integrated. The results of RoHS and REACH compliance inspection of materials are controlled in the Product Lifecycle</p> <p>Suppliers must still diligently address environmental protection issues and declare material composition after entering the supplier chain system. Performance evaluation of suppliers is conducted according to the Company’s “Supplier Management Procedure,” and various indicators of suppliers are assessed periodically. If any supplier fails to reach the targets, such nonconforming supplier is warned, has their orders reduced, or suspended from trading with the Company to ensure green production in our supplier chain system, reduce pollution, maintain the environment, and fulfill our social responsibility. Suppliers are also invited to sign the Supplier Code of Conduct and the Environmental Protection and Social Responsibility Acknowledgment Letter, which are required to be followed by suppliers. In addition, supplier conferences are convened periodically to convey and discuss various laws and regulations, as well as reaching a consensus on the achievement of the goal of a green supply chain.</p> <p>CyberTAN Technology performs quality and process assessments and conducts social, environmental responsibility,</p>	(VI) No major difference.

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary	
			<p>green product, and greenhouse gas (GHG) audits on medium- and high-risk suppliers. When a supplier's audit or improvement result satisfies the Company's requirements, such supplier may then be included in the qualified supplier list. In addition, the Company implements key management on suppliers of crucial component. Through the supplier management platform, supplier online surveys and field audits are performed periodically. After an audit is completed, in the case of the discovery of a zero tolerance deficiency, such supplier will lose its qualification to be listed as a new supplier. If a non-zero tolerance deficiency is found, the supplier is requested to submit an improvement plan and measures within a time limit according to the severity of the deficiency. When the deficiency is found to be severe, a second review is conducted; however, if no improvement is made within the time limit specified, it will be listed in the poor-performance supplier list.</p> <p>To properly implement procurement management of CyberTAN, the suppliers' GP management status including contract signing, factory GP overall risk, contractor system certification progress, hazardous substance inspection capability, is understood through the supplier green product management platform constructed by the parent company, Hon Hai Technology Group.</p> <p>Regarding conflict mineral management, CyberTAN Technology complies with relevant international and industrial non-use regulations and prohibits the purchase of Sn, W, Ta,</p>	

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
			<p>and Au from the Democratic Republic of the Congo (DRC) and its surrounding countries and regions. In addition, the Conflict Minerals Reporting Template (CMRT) of the Conflict-Free Sourcing Initiative (CFSI) jointly developed by Responsible Business Alliance (RBA) and Global e-Sustainability Initiative (GeSI) is used, in order to conduct conflict mineral investigation work on suppliers.</p> <p>To quantify the supplier risk, in order to properly determine the risk, to continuously promote supplier improvement, and to enhance the supplier management capability, the Group has established the supplier SER system management platform. Supplier SER management is divided into four stages: introduction, risk assessment, audit verification, and continuous improvement. Suppliers' responses must satisfy the Group and CyberTAN Technology's requirements and be used as the basis for the present year and future procurement. Any nonconforming supplier will be replaced by other suppliers further searched for and sought. CyberTAN Technology values the impact of environmental pollution on the overall living environment, and requests suppliers to perform audits periodically and to implement improvements properly.</p> <p>As the largest electronics manufacturer in the industry, the CyberTAN Technology implements an internal green procurement management directive comprehensively, and establishes an organization and designates dedicated personnel to transform various regulations, environmental protection requirements of customers, industry, and society</p>	

Evaluation item	Implementation			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEX Listed Companies and the reasons.
	Yes	No	Summary	
V. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit??	✓		<p>(RoHS/REACH/HF, etc.) into internal executable standards, and such standards are also conveyed to the entire supply chain. Accordingly green compliance control of raw materials are traced from upstream suppliers, and source suppliers are requested to disclose product hazardous substance content information, which is further conveyed to end customers.</p> <p>We voluntarily prepare the CSR report based on the GRI Standards and disclose the report on the Company's website and MOPS. We have not acquired any third-party assurance or verification opinion for the report.</p>	No major difference.
<p>VI. Whether the Company has instituted the sustainable development best practice principles in accordance with the "Sustainable Development Best Practice Principles for the TWSE Listed and TPEX Listed Companies," specify the implementation of these principles and the variation with the Sustainable Development Best Practice Principles for the TWSE/TPEX-listed Companies:</p> <p>The Company established the "Corporate Social Responsibility Best Practice Principles" to fulfill corporate social responsibilities. The actual operation has been consistent with such Principles.</p>				
<p>VII. Is there any other essential information that helps to understand the performance of sustainable development:</p> <p>The Company has been devoted to implementation of waste management policies, such as actively reducing wastes from design and manufacturing and the use of materials, improving packaging materials, effectively performing internal waste sorting, and establishing waste disposal programs. The Company produces an average of 1.5 metric tons of business waste monthly. We provide recyclable bottles, cartons and batteries to charities for recycling without compensation in the hope to realize the reuse of resources and engage in public welfare.</p>				

## Attachment 1: CyberTAN Plant Greenhouse Gas Emission, Water Consumption and Total Weight of Waste in 2023 and 2022

### ©Whole year electricity expense and consumption

Year	2023(Note)	2022
Whole year electricity expense (NTD)	4,341,627	3,411,837
Whole year electricity consumption (NTD)	1,011,600	929,500
Whole year KGC02e emission	499,730	460,103

Note: The greenhouse gas data in 2023 will undergo external verification and verification, and a declaration is expected to be obtained in June 2023.

### ©Whole year water expense and consumption

Year	2023(Note)	2022
CO2 emission (equivalent/kg) from water consumption in the period (whole year)	1,268	1,177
Water consumption in the period (whole year)	5,442	5,052

Note: The greenhouse gas data in 2023 will undergo external verification and verification, and a declaration is expected to be obtained in June 2023.

### ©Whole year waste tonnage

Year	2023(Note)	2022
Whole year waste tonnage	17.76	13.7

Note: The greenhouse gas data in 2023 will undergo external verification and verification, and a declaration is expected to be obtained in June 2023.

## Climate-related information for TWSE/TPEX-listed companies

### 1. Climate-related information implementation

Item	Implementation								
1. Describe the board of directors and management’s supervision and governance of climate-related risks and opportunities.	<p>Starting from August 2023, the Chairman convenes the Sustainability Committee monthly to oversee the Company’s sustainable development policies and the implementation of annual goals. The committee regularly reports on the progress and effectiveness of various initiatives. The results of the Sustainability Committee’s efforts are reported to the Board of Directors quarterly.</p> <p>The Company has formulated a “Risk Management Policy” with the Board of Directors as the highest decision-making body for risk management. In order to strengthen the management of climate-related risks, the relevant management systems and regulations have been established, and climate risk monitoring indicators have been set for supervision. The company reports on the climate-related risk management implementation in the report of the Sustainability Committee and the Board of Directors on a quarterly basis.</p>								
2. Describe how identified climate risks and opportunities affect the company’s business, strategy and finance (short term, medium term and long term).	<p>The Company identifies climate risks and opportunities for each unit on an annual basis, and the Sustainability Committee compiles and integrates the identification of overall risks and opportunities. The Company conducts a comprehensive analysis based on the business climate risk level and financial impact and draws a climate risk matrix diagram to identify high climate risk issues. It conducts scenario analysis and formulates corresponding risk management actions based on the quantified results.</p> <p>For the 8 risks and 6 opportunities identified in 2023, countermeasures and strategies are formulated according to the length of impact and the magnitude of the impact. The impact of climate change risks and opportunities are analyzed as follows:</p> <p>(1) The 8 risks are summarized as follows:</p> <table><tr><th>Risk</th><th>Term</th><th>Impacts</th><th>Corresponding measures</th></tr><tr><td>Surge in raw material cost Unstable supply of raw materials</td><td>Short term</td><td>Increase in procurement cost Increase in operational cost</td><td>1. Establish long-term cooperative relations and cooperate with suppliers with carbon-reduction</td></tr></table>	Risk	Term	Impacts	Corresponding measures	Surge in raw material cost Unstable supply of raw materials	Short term	Increase in procurement cost Increase in operational cost	1. Establish long-term cooperative relations and cooperate with suppliers with carbon-reduction
Risk	Term	Impacts	Corresponding measures						
Surge in raw material cost Unstable supply of raw materials	Short term	Increase in procurement cost Increase in operational cost	1. Establish long-term cooperative relations and cooperate with suppliers with carbon-reduction						



				<p>potential through long-term project cooperation.</p> <p>2. Sign supply guarantees with suppliers, and regularly check the status of materials for dynamic adjustments.</p> <p>3. Use the RoHS-REACH smart management platform of the central unit of Hon Hai to ensure that products are non-toxic and reduces harm to the environment.</p>
	Government electricity price hike increases electricity costs.	Medium term	Increase in operating costs and decrease in revenue	<p>1. Sign a power purchase agreement with the government.</p> <p>2. Ensure sufficient fuel for power generation and availability of the generator set.</p>
	Strengthen emissions reporting and declaration obligations.	Short and medium term	Fines/Litigation	<p>1. The key performance indicators (KPI) are linked internally to monitor the entire low-carbon program.</p> <p>2. Continue to promote carbon-reduction measures and</p>
	Increase in the price of GHG emissions	Medium term	<p>Increase in operational cost</p> <p>Increase in capital expenditure</p>	

				gradually extend to the supply chain 3. Joined CDP and SBTi (Science Based Targets Initiative) to require suppliers to disclose carbon emissions. 4. Purchase green electricity.
	Changes in customer behavior and demand	Medium and long term	Decrease in market share and revenue Increase in R&D expenses	1. Invest in the development of low-carbon and energy-saving products. 2. Providing green services (local maintenance).
	Low-carbon economy transition cost Cloud transformation	Medium and long term	Increase in operational cost Increase in R&D expenses	
	Stakeholder concerns and negative feedback Damage to corporate image and reputation	Medium term	Damage to goodwill Capital risk Reduction of orders Increase in operational cost	1. Disclose related information in the ESG report and annual report each year based on the international standards. 2. Disclose the latest information on the MOPS and the Company's website and communicate with stakeholders on a regular basis.
	Frequent and increasingly severe extreme weather events		1. Employees are unable to attend work, production capacity is	1. The BCP is established to protect the Company's

	(Typhoon, blizzard, flood, and drought)		interrupted, and revenue is reduced 2. Increase in operational cost 3. Increase in capital expenditure 4. Increase in inventory costs	operations from disasters and accidents, and increase the enterprise's resilience to risks. 2. The drainage system shall be dredged regularly. 3. Implementation of flood prevention measures (such as raising foundations, adding waterproof gates). 4. According to the information provided by the National Disaster Prevention and Rescue Science and Technology Center, the plant location is prone to natural disasters such as low risk of flooding.
	(2) The 6 opportunities are summarized as follows:			
	Opportunity	Term	Impacts	Corresponding measures
	Strengthen sustainable supply chain management	Medium and long term	1. Material acquisition	1. Establish a greenhouse gas management platform, and organize supplier education and training to assist suppliers in

				greenhouse gas inventory. 2. Established the Scorecard system internally to evaluate the green corporate responsibility of the suppliers and assist the supply chain in the green transformation.
	Dedicate to circular economy	Medium and long term	1. Acquisition cost for renewable energy 2. Capital expenditure 3. Reduced carbon fee expenditure 4. Increase in operating revenue	1. Conduct greenhouse gas inventory and related improvement measures. 2. Solar panels are installed on the roof, and the factory's reclaimed water circulation system. 3. Use renewable energy and reduce energy consumption through data and dashboard management for more efficient energy management. 4. Pay attention to the renewable energy certificate market.
	Low-carbon energy and renewable energy usage	Medium term	1. Acquisition cost for renewable energy 2. Capital expenditure 3. Reduced carbon fee expenditure 4. Increase in operating revenue	
	Development and innovation of low-carbon products	Medium and long term	1. Increase in R&D expenses 2. Respond to market demands	1. Invest in education and training and self-learning to equip internal personnel

				with carbon-reduction technology R&D capability. 2. Utilize information technology for innovations in marketing and operational resources service to reduce carbon emissions during the processes.
	Obtain low-carbon financing investments	Medium term	1. Securing financing 2. Investment injection	1. Continue developing green sustainable products and services, and provide continuing education and training to increase employee awareness to incorporate green low-carbon concept into their work. 2. Encourage internal innovation and support various green spending.
	Internally supported policies and rewards	Medium term	1. Securing financing 2. Investment injection	
3. Describe the financial impact of extreme weather events and transition actions.	Please refer to the description of Item 2 above for the financial impact of extreme climate and transformation actions. The Company will continue to reduce the impact of climate risk factors on its operations and market competitiveness through technological innovation and the implementation of continuous operation plans. In addition, based on the scenario analysis results, the Company will redefine its risk tolerance and asset risk pricing, and establish the climate VaR monitoring indicator based on the estimated loss of the investment portfolio to monitor the value loss caused by extreme climate risks.			

	<p>To properly manage the risks associated with extreme weather events and the transition to a low-carbon economy, the risks of climate change have been incorporated into our operational decisions. This involves identifying and managing these risks while also acknowledging the crises of global warming and resource depletion. We are fully committed to responding to the trend of energy conservation and carbon reduction through mitigation and adaptation measures.</p>
<p>4. Describe how to integrate identification, evaluation and management process of climate risk in risk management system.</p>	<p>The Company has established a comprehensive risk management organizational structure, policies, and management standards. The risk management scope covers operational, legal, compliance, and environmental risks (including climate risks). The considerations include Environmental protection (E), Social responsibility (S), and Corporate Governance (G). Our risk management policy incorporates environmental risks (including climate risks), signifying that the company regards climate change as a strategic business risk. The identification, measurement, and management processes for these risks are integrated into the Company's overall risk management procedures.</p> <p>The Company's climate risk management process is divided into four major steps: risk identification, assessment, monitoring, and reporting. Risk identification is carried out in the middle of each year. The impact and impact of the identified risks is classified to prepare a climate risk matrix and report to the board of directors in the middle of the following year.</p>
<p>5. If using scenario analysis to assess resilience to climate change risks, provide details of the scenarios, parameters, assumptions, analysis factors and key financial impacts.</p>	<p>Our company follows the TCFD's goals for quantifying climate risks. We refer to industry risk assessments, economic situation analyses, and other reports from renowned domestic and international institutions.</p> <p>We incorporate environmental and social risk factors relevant to the telecommunications industry into considering industry risk levels, including the impact of emerging environmental or social factors on industry trends, climate transition risk costs, and industry entry barriers.</p> <p>The Company uses bottom-up scenario analysis to identify climate risks and opportunities and select the most significant transition risks, physical risks, and opportunities in the impact assessment for further quantitative analysis of the</p>

	financial impact.
6. If there is a transformation plan for managing climate-related risks, provide an explanation of the plan's contents and the indicators and objectives used to identify and manage physical and transition risks.	<p>The Company promotes low-carbon operation management indicators and goals to reduce carbon, use green electricity, recycle raw materials, and develop carbon-neutral products.</p> <p>We have initiated internal carbon-reduction plans, including a 3-year carbon inventory to establish science-based carbon-reduction targets. Additionally, we have short-, medium-, and long-term energy-saving and carbon reduction equipment construction and replacement plans, investments in green electricity infrastructure, an inventory of recycled materials, and a development path for products using green technologies and materials.</p>
7. If using internal carbon pricing as planning instrument, provide an explanation of the basis of price setting.	The Company does not yet have an internal carbon pricing mechanism in place. It is planned to be implemented after obtaining greenhouse gas carbon inventory certification in 2024.
8. If climate-related targets are established, provide information on the covered activities, greenhouse gas emission scopes, planning timeline, annual progress. If carbon offsets or renewable energy certificates (RECs) are used to achieve these targets, the source and amount of carbon offsets or the number of RECs should be specified.	<p>The Company is conducting a greenhouse gas inventory and expects to obtain ISO 14064-1 certification in the first half of 2024. To achieve the carbon reduction set by the Company's Sustainability Committee, it is expected to apply for the international Science Based Targets initiative (SBTi) in 2025 to meet the carbon reduction path of controlling the temperature rise by 1.5°C. We will set short-, medium-, and long-term phase targets at five-year intervals.</p> <p>The Company covers operational activities such as electricity usage at our operating sites. By implementing energy-saving equipment and utilizing renewable energy (hereafter referred to as green electricity), we installed solar panels on the rooftop of the CyberTAN Plant in Hsinchu in 2023. Additionally, we have planned energy-saving and carbon reduction investments for our new Vietnam plant, including installing solar panels, an energy management system, and a water recycling system.</p>
9. Greenhouse gas inventory and assurance status, as well as reduction targets,	To be filled in at 1-1 and 1-2

strategies, and concrete action plans (indicated in 1-1 and 1-2 separately).	
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1-1 The Company's greenhouse gas inventory and assurance in the recent two years

1-1-1 Greenhouse gas inventory information

Describe the greenhouse gas emission volume (tCO<sub>2</sub>e), intensity (tCO<sub>2</sub>e/NTD million), and data coverage for the most recent two years.

GHG		2023
Scope 1	Emissions in tCO <sub>2</sub> e	145.8026
	Intensity (tCO <sub>2</sub> e/NTD million)	3.84%
Scope 2	Emissions in tCO <sub>2</sub> e	499.7304
	Intensity (tCO <sub>2</sub> e/NTD million)	13.13%

Carbon inventory will be conducted in 2023. The data covers: CyberTAN Technology Inc.'s CyberTAN Plant and Innovation Plant in Hsinchu, and the data is calculated in terms of turnover (NTD million).

1-1-2 Greenhouse gas inventory assurance information

Describe the status of assurance in the last 2 years up to the date of publication of the annual report, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.

We are currently undergoing a carbon inventory consulting project, and we expect to complete the verification of the carbon inventory for CyberTAN Technology Inc. by June 2024.

1-2 Greenhouse gas reduction goals, strategies and concrete action plans

Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of the reduction goals.

After completing the greenhouse gas inventory and assurance in 2024, set 2024 as the base year, set carbon-reduction targets based on science, and launch concrete action plans.



**(VI) Fulfillment of integrity management and measures taken**

Evaluation item	Implementation			Nonconformities to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
I. Enactment of ethical management policy and program				
(I) Does the Company establish ethical corporate management policies that are adopted by the Board of Directors and explicitly state such policies and the implementation methods in its Articles of Incorporation and external documents? Do the Board of Directors and top management actively implement their commitment to implementing the operating policies?	✓		The Company is committed to ethical corporate management and complies with relevant laws and regulations. We adopted the “Ethical Corporate Management Best-Practice Principles” approved by the Board of Directors as the corporate management policies of the Company and disclosed the same on the Company’s website and MOPS to actively fulfill and supervise the execution of ethical corporate management policies committed.	(I) No major difference.
(II) For the risk of unethical conduct, does the Company establish an assessment mechanism and regularly analyze and assess the business activities within its business scope which are possibly at a higher risk of being involved in unethical conduct to establish preventive solutions that at least cover the conduct specified in each subparagraph under Paragraph 2 in Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed	✓		The Company adopts proper preventive measures such as the establishment of “Code of Ethical Conduct for Directors and Managers” and “Employee Work Rules.”	(II) No major difference.

Evaluation item	Implementation			Nonconformities to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
Companies”? (III) Whether the Company explicitly defines procedures, guides of conduct, and disciplinary and reporting systems in case of a violation in the preventive solutions of unethical conduct, implements them accordingly, and carries out reviews and modifications of these solutions?	✓		The Company has established the “Employee Work Rules” to specify that employees shall be ethical and fulfill their duties without accepting bribes and keeping a disorderly house to enhance the prevention of unethical conduct. We also conduct irregular promotions and have established the “Code of Ethical Conduct for Directors and Managers.” The Board of Directors and management also commits to actively fulfill and supervise the execution of ethical corporate management policies.	(III) No major difference.
II. Implementation of ethical business practices				
(I) Does the Company have the integrity record of the trading counterparty assessed and with the clauses of ethical conduct expressed in the contract signed between them?	✓		The business unit and procurement unit of the Company has respectively conducted the credit and loan investigations of the customers based on the internal control system of the Company and conducted the service quality control of the suppliers.	(I) No major difference.
(II) Whether the Company establishes a unit dedicated to promoting ethical corporate management under supervision by the Board of Directors and whether such unit reports the ethical corporate management policies and the preventive solutions of unethical conduct, as well as the supervision of the implementation effectiveness to the Board of Directors	✓		To implement the supervision responsibility of ethical corporate management, the HR unit of the Company is dedicated to managing operations related to the amendments, explanations and consultation services of relevant operating procedures and guides of conduct. The unit also conducts audit and follow-up based on the “Ethical Corporate Management Best-Practice Principles” and regularly reports the implementation status to the Board of Directors once every year. In addition, the Audit Committee of the Company has established regulations regarding the	(II) No major difference.

Evaluation item	Implementation			Nonconformities to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
(at least once a year)?			supervision and implementation of accounting, audit, financial report procedures to ensure the internal control procedure and integrity.	
(III) Does the Company define any policy against conflict of interest, provide adequate channels thereof, and fulfill the same precisely?	✓		<p>2. The Company has implemented an ethical management policy. The relevant status is as follows:</p> <p>(1) Education and training: Upon the training of newcomers, the Company promotes employee management principles. By doing this, the employees are aware of relevant laws, regulations and policies, of which the employees are reminded for strict compliance.</p> <p>(2) Compliance: The Company promotes ethical management and prevention of employee insider trading from time to time via intranet website. This way, our employees are able to pay attention to relevant matters when carrying out their duties.</p> <p>The “Rules of Procedure for Board of Directors Meetings” of the Company has specified the policy against conflict of interests and the Company’s website also provides adequate channels thereof to prevent conflict of interest and implement accordingly. Also, the Company has established the “Code of Ethical Conduct” specifying that employees shall not exploit their authorities for improper gains.</p>	(III) No major difference.
(IV) Has the Company fulfilled ethical management by establishing an effective accounting system and internal control system, and had an internal audit unit develop relevant audit plans according to the risk	✓		<p>To fulfill the ethical corporate management, the Company has established effective accounting system and internal control system, and had an internal audit unit to conduct the audit. In the future, we may appoint the CPA to perform the audit depending on the situation.</p>	(IV) No major difference.

Evaluation item	Implementation			Nonconformities to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
<p>assessment results of unethical conduct and audited the compliance with the preventive solutions of unethical conduct accordingly, or appointed a CPA to do so?</p> <p>(V) Has the Company organized internal/external educational training for ethical management periodically?</p>	✓		<p>The Company has conducted the promotion and education of the employee management rules during the new employee training; the Company promotes the prevention of insider trading for the employees on the internal website of the Company on an irregular basis; we also promote the notices of “Personal Data Protection Act” for the employees on a irregular basis.</p>	(V) No major difference.
<p>III. Implementation of the Company’s whistleblowing system</p> <p>(I) Does the Company define a specific whistleblowing and rewarding system, and establish convenient whistleblowing channels, and assign competent dedicated personnel to deal with the situation?</p> <p>(II) Has the Company defined the standard operating procedure for investigation after acceptance of a reported misconduct, the follow-up actions to be taken after the investigation, and relevant confidentiality mechanism?</p>	<p>✓</p> <p>✓</p>		<p>The HR unit of the Company has established a specific whistleblowing mechanism and channel to handle various whistleblowing matters and assigned dedicated personnel to deal with the situation.</p> <p>The HR unit of the Company has established a specific whistleblowing mechanism and channel with confidentiality measures throughout the process.</p>	<p>(I) No major difference.</p> <p>(II) No major difference.</p>

Evaluation item	Implementation			Nonconformities to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
(III) Has the Company adopted any measures to prevent the whistleblowers from being abused after reporting misconduct?	✓		The Company has adopted measures to prevent the whistleblowers from being abused after reporting misconduct.	(III) No major difference.
(IV) Enhancing information disclosure Has the Company disclosed the Ethical Management Best Practice Principles and the effect of implementation thereof on its website and Market Observation Post System?	✓		The Company has established the Ethical Corporate Management Best-Practice Principles and disclosed thereof on the Company's website and MOPS.	No major difference.
<p>If the Company has established ethical management best practice principles based on “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” please describe any discrepancy between the principles and their implementation:  The Company formulated the “Ethical Corporate Management Best Practice Principles” and “Code of Ethical Conduct for Directors and Managers.”  The actual operation has been consistent with such Principles and Code.</p>				
<p>VI. Other important information useful to the understanding of the corporate ethical management implementation: (e.g. the Company's review and amendment of the Ethical Corporate Management Best Practice Principles established thereby)  Please refer to the Company's website and Market Observation Post System (MOPS).</p>				

**(VII) If the Company has corporate governance principles and related regulations in place, the access to such principles and regulations shall be disclosed:** Please refer to the Company's website and MOPS.

**(VIII) Other important information enabling better understanding of the Company's corporate governance implementation may also be disclosed:** Please refer to the Company's website and MOPS.

**(IX) Implementation of the internal control system:**

1. Declaration of an Internal Control System: please refer to page 137 of this annual report.
2. If a CPA is appointed to review the Company's internal control system, the CPA's review report shall be disclosed: None.

**(X) Any legal penalty against the Company or its internal personnel, any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, or any main deficiencies and improvements therein, in the most recent year up to the publication date of this annual report:** None.

**(XI) Major resolutions made by shareholders' meetings and the Board of Directors in the most recent year up to the publication date of this annual report:**

**1. Important resolutions made by the shareholders' meeting in 2023**

Important resolution:	Implementation
Proposal for ratification of the 2022 business report and financial statements	Ratified by the shareholders' meeting
Proposal for ratification of 2022 Audit Committee's review report	Ratified by the shareholders' meeting
Proposal for amendment of the Company's "Rules of Procedure for Shareholders' Meetings".	Amended in accordance with the amended Rules of Procedure for Shareholders' Meetings and announced on the Company's website
Proposal for removal of the non-competition restrictions against directors and their representatives	The proposed is passed as originally proposed

**2. Important resolutions made by the Board of Directors**

Date	Important resolution:	Implementation
March 15, 2023	<ul style="list-style-type: none"> <li>• Appointment and remuneration for the finance and accounting officers and the corporate governance supervisor of the Company</li> <li>• Proposal for promotion of the Company's managers</li> <li>• Discussion of the proposal of the managers' reward</li> <li>• Proposal of the Company's "Assessment for the Effectiveness of Internal Control Policies" and "Declaration of Internal Control System"</li> <li>• Proposal of the Company's 2023 budget</li> <li>• Proposal for assessment of the independence and competence of CPAs and relevant remuneration</li> <li>• Proposal to establish the pre-licensed policy of the Company's non-assurance service</li> <li>• Proposal of the 2022 financial statements</li> <li>• Proposal for amendment to the "Level Of Authority Table" of the Company</li> <li>• Proposal for amendment to the "2022 Annual Restriction of Employee Rights New Share Issuance Measures" of the Company.</li> <li>• Proposal for amendment to the "Regulations Governing Procedure for Board of Directors Meetings" of the Company.</li> <li>• Proposal for amendment to the "Rules of Procedure for Shareholder Meetings" of the Company.</li> <li>• Proposal for holding the annual meeting of shareholders in 2023.</li> <li>• Proposal for acceptance of shareholders' proposals and the list of nominated candidates for directors by the annual meeting of shareholders</li> <li>• Proposal for reelection of the Company's director</li> <li>• Proposal for nominated candidates for directors</li> <li>• Approve the suspension of non-competition restrictions on the Directors and their</li> </ul>	Completed in accordance with the resolution

	<ul style="list-style-type: none"> <li>representatives.</li> <li>● Proposal of contracts with financial institutions</li> <li>● Proposal for the approval of capital increase and investment in Vietnam for CyberTAN (BVI) Investment Corp.</li> </ul>	
March 24, 2023	<ul style="list-style-type: none"> <li>● Proposal for reelection revocation of the Company's director</li> <li>● Proposal for revocation of the nominated candidates for directors</li> <li>● Proposal of change in the agenda of the Company's 2023 annual general meeting of shareholders</li> <li>● Proposal of change in the acceptance of shareholders' proposals and the list of nominated candidates for directors by the annual meeting of shareholders</li> </ul>	Completed in accordance with the resolution
May 5, 2023	<ul style="list-style-type: none"> <li>● Proposal of the 2022 business report</li> <li>● Proposal for 2022 Deficit Compensation.</li> <li>● Report 2022 no appropriations of earnings in cash dividends.</li> <li>● Proposal of the 2023 Q1 financial statements.</li> <li>● Proposal for the implementation of repurchasing Company shares to assign to employees for the fifth time to motivate and enhance employee loyalty</li> <li>● Proposal of addition to the agenda of the Company's 2023 annual general meeting of shareholders</li> <li>● Discussion of the proposal of the managers' bonus</li> </ul>	Completed in accordance with the resolution
August 9, 2023	<ul style="list-style-type: none"> <li>● Proposal of the 2023 Q2 financial statements.</li> <li>● Proposal of contracts with financial institutions</li> <li>● Proposal for subsidiary HR planning</li> <li>● Proposal of the remuneration of the Company's new employed managers</li> <li>● The fifth transfer of shares repurchased to the stock subscription list of employees with managerial status</li> <li>● Set the base date for cancellation and capital reduction of the company's issued new shares with restricted employee rights</li> <li>● The third issuance of restricted stock awards in 2022 by the Company for employees serving as managers</li> <li>● Discussion of the proposal of the managers' reward</li> </ul>	Completed in accordance with the resolution
November 8, 2022	<ul style="list-style-type: none"> <li>● Proposal of the 2024 audit plan.</li> <li>● Proposal of the 2023 Q3 financial statements.</li> <li>● Developed the company's "Sustainability Report Preparation and Verification Operation Methods"</li> <li>● Amendment to the "Organizational Rules of the Audit Committee" of the Company</li> <li>● Formulate the company's "Risk Management</li> </ul>	Completed in accordance with the resolution



	<ul style="list-style-type: none"> <li>● Policies and Procedures".</li> <li>● Proposal for subsidiary HR planning.</li> <li>● The second issuance of restricted stock awards in 2022 by the Company for employees serving as managers</li> <li>● Proposal of 2023 salary adjustment and bonus for the Company's managers.</li> </ul>	
January 15, 2024	<ul style="list-style-type: none"> <li>● Plan to apply for a mid-term credit line from a financial institution</li> </ul>	
March 11, 2024	<ul style="list-style-type: none"> <li>● Proposal of the Company's "Assessment for the Effectiveness of Internal Control Policies" and "Declaration of Internal Control System"</li> <li>● Proposal of the Company's 2024 budget</li> <li>● Proposal of the 2023 financial statements</li> <li>● Change of financial statements visa accountant case</li> <li>● Proposal for assessment of the independence and competence of CPAs and relevant remuneration</li> <li>● Proposal for amendment to the "Level Of Authority Table" of the Company</li> <li>● Proposal for amendment to the "Organizational Rules of the Audit Committee" of the Company.</li> <li>● Proposal for amendment to the "Regulations Governing Procedure for Board of Directors Meetings" of the Company.</li> <li>● Proposal for amendment to the "Sustainability Report Preparation and Verification Operation Methods"</li> <li>● Formulating the company's "anti-corruption and anti-bribery management measures"</li> <li>● Proposal for holding the annual meeting of shareholders in 2024.</li> <li>● Proposal for acceptance of shareholders' proposals and the list of nominated candidates for directors by the annual meeting of shareholders</li> <li>● Proposal for reelection of the Company's directors.</li> <li>● Nomination of candidates for directors (including independent directors)</li> <li>● Approve the suspension of non-competition restrictions on the Directors and their representatives.</li> <li>● Set the base date for cancellation and capital reduction of the company's issued new shares with restricted employee rights</li> <li>● Proposal of contracts with financial institutions</li> <li>● In order to meet the needs of short-term financing of Hon Yao Fu Technology Company Limited, it is planned to provide fund loans to others</li> </ul>	Completed in accordance with the resolution
May 10, 2024	<ul style="list-style-type: none"> <li>● Proposal of the 2023 business report</li> <li>● Proposal for 2023 Deficit Compensation.</li> </ul>	Completed in accordance with the

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- Report 2023 no appropriations of earnings in resolution cash dividends.
  - Proposal of the 2024 Q1 financial statements.
  - Proposal for amendment to the “Internal Major Information Processing and Insider Trading Prevention Management Operating Procedures” of the Company.
  - Proposal for the implementation of repurchasing Company shares to assign to employees for the sixth time to motivate and enhance employee loyalty
  - Proposal of addition to the agenda of the Company's 2023 annual general meeting of shareholders
  - The second issuance of restricted stock awards in 2022 by the Company for employees serving as managers
  - Discussion of the proposal of the managers’ bonus
- 

**(XII) Documented opinions or declarations in writing made by directors against important board resolutions in the most recent year up to the publication date of this annual report: None.**

**(XIII) Resignation and dismissal of the Chairman, President, Accounting Officer, Financial Officer, Internal Audit Officer and Chief R&D Officer in the most recent year up to the publication date of this annual report:**

Title	Name	On-board date	Resignation date	Reason
Chief R&D Officer	Irving Liu	October 3, 2022	March 31, 2023	resignation

## V. Information of CPA Fees

Unit: NTD thousand

Name of CPA office	Name of CPA	Examination Period	Audit fees	Non-audit fees	Total	Remark
PwC Taiwan	Min-Chuan Feng	2023/1/1~2023/12/31	4,005	1,230	5,235	non-audit fees mainly for the transfer pricing report and Master File.
	Yung-Chien Hsu					

(I) If replacement of a CPA firm results in a lower audit fee in that year compared to the previous year, the amount, percentage and reason of the reduction shall be disclosed: None.

(II) If an audit fee is reduced by more than 15% compared to the previous year, the amount, percentage and reason of the reduction shall be disclosed: None.

## VI. Information on Replacement of CPA

(I) Former CPA: None.

(II) Succeeding CPA: None.

(III) The former CPA's written response to the items referred to in Items 1 and 2-3, Subparagraphs 6, Article 10 of the Guidelines: None.

VII. The Company's Chairman, President, or any financial or accounting managers who have been employed by a CPA firm or any of its affiliated companies in the most recent year: None.

VIII. Any transfer of equities and/or pledge of or change in equities by a director, supervisor, manager, or shareholder with a stake of more than 10% in the most recent year up to the publication date of this annual report

(I) Any change in equities of directors, managers, and major shareholders:

Unit: Shares

Title	Name	2023		Up to April 27, 2024	
		No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged	No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged
Director	Foxconn Technology Co., Ltd.	—	—	—	—
	Representative: Gwong-Yih Lee	663,000	—	—	—
	Roger Wu(Note2)	—	—	—	—
	Foxconn Technology Co., Ltd.	—	—	—	—
	Representative: Hank Hsieh	210,000	—	(9,000)	—
	Hung-Hsun Ting	—	—	—	—

Title	Name	2023		Up to April 27, 2024	
		No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged	No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged
	Judy Y.C. Chang	—	—	—	—
	Shih-Mei Lin	—	—	—	—
	Ying-Shan Lin	—	—	—	—
Vice President	Gwong-Yih Lee	663,000	—	—	—
Vice President	Deaxy Wang	39,000	—	(7,000)	—
Vice President	Maxon Huang	40,000	—	(40,000)	—
Vice President	Raoul Oyang	20,000	—	—	—
Associate	Jeffrey Liu	—	—	—	—
Finance & Accounting Officer	Even Lee	—	—	—	—

**(II) Counterparts of the shares transferred or pledged are related parties:** None.

**IX. Information on the top-ten shareholders who are related parties to each other, in a spousal relationship or within the second degree of kinship**

Name	Shares held by the shareholder		Shares held by spouse and minor children		Total shares held in the names of others		The title or name and relation in case of the top-ten shareholders who are related parties to each other, in a spousal relationship or within the second degree of kinship.		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relationship	
LGT Bank AG	14,169,000	4.29%	0	0	0	0	None	None	
Hon Yuan International Investment Co., Ltd.	10,035,348	3.04%	0	0	0	0	Hon Hai Precision Industry Co., Ltd.	Hon Yuan is a 100% invested company of Foxconn	
Representative: Te-Tsai Huang	0	0	0	0	0	0	None	None	
Foxconn Technology Co., Ltd.	10,035,348	3.04%	0	0	0	0	Hyield Venture Capital Co., Ltd.	Major Shareholder of Foxconn Technology	
Representative: Chun-Fu Lu	0	0	0	0	0	0	None	None	
Hyield Venture Capital Co., Ltd.	10,035,348	3.04%	0	0	0	0	Hon Hai Precision Industry Co., Ltd.	Major Shareholder of Hyield Venture Capital	
Representative: Te-Tsai Huang	0	0	0	0	0	0	None	None	
Tsu-Yuan Chen	4,701,000	1.42%	0	0	0	0	None	None	
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	4,299,000	1.30%	0	0	0	0	None	None	
Ying,Sun	3,630,000	1.10%	0	0	0	0	None	None	
Lin Yih International Investment Co., Ltd.	3,451,000	1.05%	0	0	0	0	Hon Hai Precision Industry Co., Ltd.	Lin Yih is a 100% invested company of Foxconn	
Representative: Te-Tsai Huang	0	0	0	0	0	0	None	None	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	2,568,006	0.78%	0	0	0	0	None	None	
Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	2,210,000	0.67%	0	0	0	0	None	None	

**X. For the total number of shares held in any single enterprise invested in by the Company, its directors and supervisors, managers, and any enterprises controlled directly or indirectly by the Company, the general shareholding ratio is calculated in a consolidated manner**

December 31, 2023

Invested enterprise	The Company's investment		Investment by directors, supervisors and managers, or by directly or indirectly controlled enterprises		Combined investment	
	Amount of investment	Shareholding ratio	Amount of investment	Shareholding ratio	Amount of investment	Shareholding ratio
CyberTAN(B.V.I) Investment Corp.	USD31,044,000	100%	—	—	USD31,044,000	100%
CyberTAN Corp.(USA)	USD600,000	100%	—	—	USD600,000	100%
Cyber Touch Investment Inc.	NTD100,000,000	100%	—	—	NTD100,000,000	100%
SonicFi Inc.	NTD5,000,000	100%	—	—	NTD5,000,000	100%
CyberTAN Technology (Hong Kong)Limited	—	—	USD6,344,000	100%	USD6,344,000	100%
Fu Hong Kang Technology Precision Industry(Shenzhen) Co., Ltd.	—	—	USD6,344,000	100%	USD6,344,000	100%
Chongqing Hongdaofu Technology Co.,Ltd.	—	—	CNY67,500,000	100%	CNY67,500,000	100%
HON YAO FU TECHNOLOGY COMPANY LIMITED	—	—	USD9,000,000	100%	USD9,000,000	100%
FU HAI Technology Company Limited	—	—	USD9,000,000	100%	USD9,000,000	100%

## Four. Financing Status

### I. Capital and shares

#### (I) Source of capital

##### 1. Formation of capital

Date	Issue price (dollars )	Authorized capital		Paid-in capital		Remarks	
		Number of shares (thousand shares)	Amount (thousand dollars)	Number of shares (thousand shares)	Amount (thousand dollars)	Source of capital	Offset against payments of shares by any property other than cash
August 2023	10	500,000	5,000,000	330,225	3,302,254	Capital reduction and issuance of new shares with restricted employee rights and capital increase (Note 1)	
November 2023	10	500,000	5,000,000	330,255	3,302,554	Issuance of new restricted stock awards to capital increase. (Note 2)	

Note 1: The capital increase was approved by the Zhu-Shang-Zi Letter No. 1120028553 issued by the Hsinchu Science Park Bureau, National Science and Technology Council, MOST on August 29, 2023.

Note 2: The capital increase was approved by the Zhu-Shang-Zi Letter No.1120039133 issued by the Hsinchu Science Park Bureau, National Science and Technology Council, MOST on November 29, 2023.

##### 2. Type of issued shares

Type	Shares	Authorized capital			Remarks
		Outstanding shares	Unissued shares	Total	
Common stock		330,235,418 shares	169,764,582 shares	500,000,000 shares	-

##### 3. Information relevant to reporting: None.

#### (II) Composition of shareholders

Composition of shareholders	Government agency	Financial institution	Other corporates	Foreign institutions and foreigners	Individual	Total
Quantity						
Number of persons	0	3	179	98	59,574	59,854
Number of shares held	0	1,773,000	40,582,896	34,373,882	253,505,640	330,235,418
Shareholding ratio	0.00%	0.54%	12.29%	10.41%	76.76%	100.00%

**(III) Distribution of equity**

Range of shareholding	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	20,871	1,007,593	0.31%
1,000 to 5,000	30,214	64,383,092	19.50%
5,001 to 10,000	4,795	38,622,318	11.70%
10,001 to 15,000	1306	16,730,831	5.07%
15,001 to 20,000	923	17,299,110	5.24%
20,001 to 30,000	687	17,888,424	5.42%
30,001 to 40,000	290	10,544,777	3.19%
40,001 to 50,000	199	9,322,240	2.82%
50,001 to 100,000	339	24,680,207	7.47%
100,001 to 200,000	121	16,713,188	5.06%
200,001 to 400,000	56	15,975,232	4.84%
400,001 to 600,000	16	8,080,578	2.45%
600,001 to 800,000	15	10,386,571	3.14%
800,001 to 1,000,000	7	6,390,207	1.93%
1,000,001 and above	15	72,211,050	21.86%
Total	59,854	330,235,418	100.00%

Note: The Company did not issue preferred stock.

**(IV) List of major shareholders**

Names of major shareholders	Shares	Number of shares held	Shareholding ratio
LGT Bank AG		14,169,000	4.29%
Hon Yuan International Investment Co., Ltd.		10,035,348	3.04%
Foxconn Technology Co., Ltd.		10,035,348	3.04%
Hyield Venture Capital Co., Ltd.		10,035,348	3.04%
Tsu-Yuan Chen		4,701,000	1.42%
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS		4,299,000	1.30%
Ying,Sun		3,630,000	1.10%
Lin Yih International Investment Co., Ltd.		3,451,000	1.05%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds		2,568,006	0.78%
Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II		2,210,000	0.67%



**(V) Market price, net value, earnings, and dividends per share in the most recent two years and information thereof**

Unit: NTD

Item \ Year			2024.03.31 (Note 1)	2023	2022
Market price per share	Highest		26.55	25.55	32.50
	Lowest		19.80	19.10	20.65
	Average		23.69	22.56	25.48
Net value per share	Before distribution		14.50	14.44	15.34
	After distribution		-	14.44 (Note 2)	15.34
Earnings per share	Weighted average number of shares		328,540 thousand shares	327,962 thousand shares	328,605 thousand shares
	EPS before retroactive adjustment		(0)	(0.97)	(1.12)
	EPS after retroactive adjustment		-	-	(1.12)
Dividends per share	Cash dividends		-	(Note 2)	0.05
	Stock dividen ds	Dividends from retained earnings	None	None	None
		Dividends from capital reserves	None	None	None
	Accumulated unpaid dividends		-	None	None
ROI analysis	P/E ratio		-	(23.26)	(22.75)
	P/D ratio		-	N/A (Note 2)	N/A
	Cash dividend yield %		-	N/A (Note 2)	N/A

Note 1: The data of the market price per share are as of March 31, 2024. The EPS data in the first quarter of 2023 were reviewed by the CPA.

Note 2: The distribution in 2023 was to be submitted to the shareholders' meetings in 2024 after it was resolved at the board meeting held on May 10, 2024.

Note 3: P/E ratio = Average closing price per share in current year/earnings per share

Note 4: P/D ratio = Average closing price per share in current year/cash dividend per share

Note 5: Cash dividend yield = Cash dividend per share/average closing price per share in current year

Note 6: The Company's net value per share and EPS data in the most recent quarter or in the most recent year were audited (reviewed) by the CPA.

**(VI) Dividend policy and implementation thereof**

**1. Dividend policy defined by the Articles of Incorporation**

The dividend policy defined by Article 20-1 of the Company's Articles of Incorporation is specified as follows:

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 motion for allocation of the residual balance plus the undistributed earnings, and submit the same to the shareholders' meeting to resolve whether shareholder bonus shall be distributed.

CyberTAN 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.

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.

**2. Dividend distribution proposed at the shareholders' meeting**

CyberTAN resolved at the board meeting held on May 10, 2024 no appropriations of earnings in cash dividends.

**3. Explain the effect of expected significant changes in the dividend policy:**

None.

**(VII) Impacts of stock dividends proposed at the shareholders' meeting on the Company's business performance and EPS: N/A.**

**(VIII) Remuneration to employees and directors**

**1. Percentage and range of the remuneration to employees, directors, and supervisors stated in the Articles of Incorporation:**

Article 20 of the Company's Articles of Incorporation is shown below:

7%–9% of the annual earnings of the Company, if any, shall be set aside as the remuneration to employees. The Board of Directors shall decide whether such remuneration to the employees is distributed in shares or in cash. The employees to whom remuneration may be distributed include those of the controlled or affiliate companies who meet specific conditions. The Board of Directors is authorized to define these conditions and the distribution methods. Distribution of remuneration to the employees shall be reported to the shareholders' meeting.

However, earnings must first be used to offset cumulative losses, if any, before being distributed to the employees and directors as their remuneration at the percentage mentioned above.

**2. The basis of estimating the amount of employee, director and supervisor remuneration, the basis for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of any difference between the actual distributed amount and the estimated figure, in the current period:** Such differences were treated as changes in accounting estimates and recognized as the profit or loss in the year of distribution.

**3. Distribution of the remuneration approved by the Board of Directors:**

- (1) CyberTAN Board of Directors resolved to distribute NTD 0 as employee remuneration and NTD 0 as director remuneration in 2023.
- (2) The Company expected to allocate NTD 0 and NTD 0 to employee bonuses and director remuneration in 2023, respectively.
- (3) The accounting treatment of any difference between the actual distributed amount and the estimated figure: The differences were treated as changes in accounting estimates and recognized as the profit or loss in the year of distribution.
- (4) The proposed amount of employee remuneration paid in shares and the ratio thereof to the total of profit after tax and employee bonuses in the current year: The Company did not distribute stock dividends to employees.
- (5) Estimated earnings per share after distribution of the proposed employee remuneration and director remuneration:

Since the employee remuneration was recognized as expenses and the Company was to distribute NTD 0 as director remuneration, the earnings per share were not

affected.

**4. Actual distribution of remuneration to employees, directors, and supervisors in the previous year:**

- (1) NTD 0 for employee bonuses; NTD 0 for director remuneration.
- (2) The Company's estimated amount of allocation for employee bonuses and director remuneration in 2022 was NTD 0 and NTD 0 respectively (Both amounts were estimated in consideration of legal reserves and calculated based on the profit after tax up to the current period and the percentage specified in the Articles of Incorporation).
- (3) There is no difference between the actual allotment amount and the estimated amount .

**(IX) Repurchase of the Company's shares:**

Buy back installments	fifth
Purpose of the buyback	Transfer of shares to employees
Expected buyback period	2023/05/08 ~ 2023/07/07
Price range per share	NT\$ 16.2 ~ 34
The actual quantity bought back	Common stock 795,000 shares
Amount of shares bought back	NT\$ 17,585,961
The ratio of the quantity bought back to the quantity scheduled to be bought back (%)	99.38%
Number of shares canceled and transferred	730,000 shares
Cumulative number of shares held in the company	65,000 shares
Ratio of the cumulative number of shares held in the company to the total number of issued shares (%)	0.02%

**II. Issuance of corporate bonds:** None.

**III. Issuance of preferred shares:** None.

**IV. Issuance of overseas depository receipts:** None.

**V. Issuance of employee stock option certificates:** None.

## VI. Issuance of restricted stock awards for employees:

### 1. For all new restricted employee shares for which the vesting conditions have not yet been met for the full number of shares, the effect on shareholders' equity:

May 10, 2024

Category of new restricted employee shares	First issuance (2022) new restricted employee shares	Second issuance (2022) new restricted employee shares	Third issuance (2022) new restricted employee shares	Fourth issuance (2022) new restricted employee shares	Fifth issuance (2022) new restricted employee shares
Date of approval by competent authorities and total number of shares	July 22, 2022 2,000,000 common shares	July 22, 2022 2,000,000 common shares	July 22, 2022 2,000,000 common shares	July 22, 2022 2,000,000 common shares	July 22, 2022 2,000,000 common shares
Issue date	September 13, 2022	November 8, 2022	August 11, 2023	November 10, 2023	May 10, 2024
Number of outstanding new restricted employee shares	1,110,000 common shares	500,000 common shares	100,000 common shares	30,000 common shares	260,000 common shares
New restricted employee shares to be issued	890,000 common shares	390,000 common shares	290,000 common shares	260,000 common shares	0 common shares
Issue price	NT\$0 per shar	NT\$0 per shar	NT\$0 per shar	NT\$0 per shar	NT\$0 per shar
Outstanding new restricted employee shares to total outstanding shares (Note)	0.34%	0.15%	0.03%	0.01%	0.08%
Vesting conditions for new restricted employee shares	Where an employee, after having been offered restricted stock awards (i.e. on the record	Where an employee, after having been offered restricted stock awards (i.e. on the record	Where an employee, after having been offered restricted stock awards (i.e. on the record	Where an employee, after having been offered restricted stock awards (i.e. on the record	Where an employee, after having been offered restricted stock awards (i.e. on the record

	<p>date for capital increase), remains in service at the end of any of the following periods, the percentage of shares that may meet the vesting criteria for the respective period is as follows:</p> <p>1. 1 year: 40% of the shares received may be vested.</p> <p>2. 2 years: 30% of the shares received may be vested.</p> <p>3. 3 years: 30% of the shares received may be vested.</p>	<p>date for capital increase), remains in service at the end of any of the following periods, the percentage of shares that may meet the vesting criteria for the respective period is as follows:</p> <p>1. 1 year: 40% of the shares received may be vested.</p> <p>2. 2 years: 30% of the shares received may be vested.</p> <p>3. 3 years: 30% of the shares received may be vested.</p>	<p>date for capital increase), remains in service at the end of any of the following periods, the percentage of shares that may meet the vesting criteria for the respective period is as follows:</p> <p>1. 1 year: 40% of the shares received may be vested.</p> <p>2. 2 years: 30% of the shares received may be vested.</p> <p>3. 3 years: 30% of the shares received may be vested.</p>	<p>date for capital increase), remains in service at the end of any of the following periods, the percentage of shares that may meet the vesting criteria for the respective period is as follows:</p> <p>1. 1 year: 40% of the shares received may be vested.</p> <p>2. 2 years: 30% of the shares received may be vested.</p> <p>3. 3 years: 30% of the shares received may be vested.</p>	<p>date for capital increase), remains in service at the end of any of the following periods, the percentage of shares that may meet the vesting criteria for the respective period is as follows:</p> <p>1. 1 year: 40% of the shares received may be vested.</p> <p>2. 2 years: 30% of the shares received may be vested.</p> <p>3. 3 years: 30% of the shares received may be vested.</p>
Restricted rights for new restricted employee shares	<p>1. Before employees meet the vesting conditions, employees cannot transfer, sale, or give new restricted employee shares to others or any other methods.</p> <p>2. The rights to attend, submit a proposal, speak, vote, and be elected at shareholders' meetings are identical to those for outstanding common shares. The rights are exercised according to the trust agreement.</p>	<p>1. Before employees meet the vesting conditions, employees cannot transfer, sale, or give new restricted employee shares to others or any other methods.</p> <p>2. The rights to attend, submit a proposal, speak, vote, and be elected at shareholders' meetings are identical to those for outstanding common shares. The rights are exercised according to the trust agreement.</p>	<p>1. Before employees meet the vesting conditions, employees cannot transfer, sale, or give new restricted employee shares to others or any other methods.</p> <p>2. The rights to attend, submit a proposal, speak, vote, and be elected at shareholders' meetings are identical to those for outstanding common shares. The rights are exercised according to the trust agreement.</p>	<p>1. Before employees meet the vesting conditions, employees cannot transfer, sale, or give new restricted employee shares to others or any other methods.</p> <p>2. The rights to attend, submit a proposal, speak, vote, and be elected at shareholders' meetings are identical to those for outstanding common shares. The rights are exercised according to the trust agreement.</p>	<p>1. Before employees meet the vesting conditions, employees cannot transfer, sale, or give new restricted employee shares to others or any other methods.</p> <p>2. The rights to attend, submit a proposal, speak, vote, and be elected at shareholders' meetings are identical to those for outstanding common shares. The rights are exercised according to the trust agreement.</p>

	<p>3.Other rights include but are not limited to: the right to receive interests, dividends, statutory reserve, and capital surplus and the right to subscribe to cash issues. The rights are identical to those for the outstanding common shares. The shares are not required to be kept in trusts or be subject to a vesting period.</p> <p>4.Regarding the period between the ex-dividend date for dividend distribution, exdividend date for cash dividends, ex-dividend date for cash issue subscription, ex-dividend date for shareholders' meeting in Article 165, Paragraph 3 of the Company Act, or other statutory ex-dividend date and the exrights date, the timing and procedure for removing restrictions for employee who meet the</p>	<p>3.Other rights include but are not limited to: the right to receive interests, dividends, statutory reserve, and capital surplus and the right to subscribe to cash issues. The rights are identical to those for the outstanding common shares. The shares are not required to be kept in trusts or be subject to a vesting period.</p> <p>4.Regarding the period between the ex-dividend date for dividend distribution, exdividend date for cash dividends, ex-dividend date for cash issue subscription, ex-dividend date for shareholders' meeting in Article 165, Paragraph 3 of the Company Act, or other statutory ex-dividend date and the exrights date, the timing and procedure for removing restrictions for employee who meet the</p>	<p>3.Other rights include but are not limited to: the right to receive interests, dividends, statutory reserve, and capital surplus and the right to subscribe to cash issues. The rights are identical to those for the outstanding common shares. The shares are not required to be kept in trusts or be subject to a vesting period.</p> <p>4.Regarding the period between the ex-dividend date for dividend distribution, exdividend date for cash dividends, ex-dividend date for cash issue subscription, ex-dividend date for shareholders' meeting in Article 165, Paragraph 3 of the Company Act, or other statutory ex-dividend date and the exrights date, the timing and procedure for removing restrictions for employee who meet the</p>	<p>3.Other rights include but are not limited to: the right to receive interests, dividends, statutory reserve, and capital surplus and the right to subscribe to cash issues. The rights are identical to those for the outstanding common shares. The shares are not required to be kept in trusts or be subject to a vesting period.</p> <p>4.Regarding the period between the ex-dividend date for dividend distribution, exdividend date for cash dividends, ex-dividend date for cash issue subscription, ex-dividend date for shareholders' meeting in Article 165, Paragraph 3 of the Company Act, or other statutory ex-dividend date and the exrights date, the timing and procedure for removing restrictions for employee who meet the</p>	<p>3.Other rights include but are not limited to: the right to receive interests, dividends, statutory reserve, and capital surplus and the right to subscribe to cash issues. The rights are identical to those for the outstanding common shares. The shares are not required to be kept in trusts or be subject to a vesting period.</p> <p>4.Regarding the period between the ex-dividend date for dividend distribution, exdividend date for cash dividends, ex-dividend date for cash issue subscription, ex-dividend date for shareholders' meeting in Article 165, Paragraph 3 of the Company Act, or other statutory ex-dividend date and the exrights date, the timing and procedure for removing restrictions for employee who meet the</p>
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	vesting conditions during this period will be executed according to the trust agreement or related regulations	vesting conditions during this period will be executed according to the trust agreement or related regulations	vesting conditions during this period will be executed according to the trust agreement or related regulations	vesting conditions during this period will be executed according to the trust agreement or related regulations	vesting conditions during this period will be executed according to the trust agreement or related regulations
Custody of new restricted employee shares	Restricting employees' rights After the new shares are issued, they must be directly handed over to the trust custody immediately, and the company or the person designated by the company will sign a trust custody contract with the stock trust custodian on behalf of the employees. The person or custodian agency requests the return of new shares that restrict employee rights.	Restricting employees' rights After the new shares are issued, they must be directly handed over to the trust custody immediately, and the company or the person designated by the company will sign a trust custody contract with the stock trust custodian on behalf of the employees. The person or custodian agency requests the return of new shares that restrict employee rights.	Restricting employees' rights After the new shares are issued, they must be directly handed over to the trust custody immediately, and the company or the person designated by the company will sign a trust custody contract with the stock trust custodian on behalf of the employees. The person or custodian agency requests the return of new shares that restrict employee rights.	Restricting employees' rights After the new shares are issued, they must be directly handed over to the trust custody immediately, and the company or the person designated by the company will sign a trust custody contract with the stock trust custodian on behalf of the employees. The person or custodian agency requests the return of new shares that restrict employee rights.	Restricting employees' rights After the new shares are issued, they must be directly handed over to the trust custody immediately, and the company or the person designated by the company will sign a trust custody contract with the stock trust custodian on behalf of the employees. The person or custodian agency requests the return of new shares that restrict employee rights.
Handling of shares received or subscribed by employees who subsequently fail to meet the vesting conditions	The Company will revoke and cancel the unvested new restricted employee shares.	The Company will revoke and cancel the unvested new restricted employee shares.	The Company will revoke and cancel the unvested new restricted employee shares.	The Company will revoke and cancel the unvested new restricted employee shares.	The Company will revoke and cancel the unvested new restricted employee shares.
Revoked or bought back Number of new	0 shares	110,000 shares	0 shares	0 shares	0 shares

restricted employee s h a r e s					
Number of new restricted shares with restrictions removed	444,000 shares	144,000 shares	0 shares	0 shares	0 shares
Number of new restricted shares with restrictions not r e m o v e d	666,000 shares	246,000 shares	100,000 shares	30,000 shares	260,000 shares
New restricted shares with restrictions not removed to total outstanding shares (%) ( N o t e )	0.20%	0.07%	0.03%	0.01%	0.08%
Impact on shareholders' e q u i t y	They have no material effect on shareholders' equity	They have no material effect on shareholders' equity	They have no material effect on shareholders' equity	They have no material effect on shareholders' equity	They have no material effect on shareholders' equity

Note: Based on 330,235,418 current outstanding shares (common shares ) on May 10, 2024.



**2.Names and acquisition status of managerial officers who have acquired new restricted employee shares and of employees who rank among the top ten in the number of new restricted employee shares acquired:**

Title	Name	Number of new restricted employee shares acquired	Units of new restricted employee shares exercised to total outstanding shares (Note)	Restrictions removed				Restrictions not removed			
				Number of shares with restrictions removed	Issue price	Issue amount	Units with restrictions removed to total outstanding shares (Note)	Number of shares with restrictions not removed	Issue price	Issue amount	Units with restrictions not removed to total outstanding shares (Note)
Executive Officers	President	Gwong-Yih Lee	1,405,000	504,000	0	0	0.15	851,000	0	0	0.26%
	Vice President	Deaxy Wang									
	Vice President	Maxon Huang									
	Vice President	Hank Hsieh									
	Vice President	Raoul Oyang									
	Vice President	Irving Liu									
	associate	Jeffrey Liu									
	Finance & Accounting Officer	Even Lee									
Employees	Deputy Director	Dean Wang	416,000	84,000	0	0	0.03	222,000	0	0	0.07%
	Deputy Director	Weiyu Tai									
	Deputy Director of Technology	City Kuo									
	special assistant	Kevin Ko									
	Deputy Director of Projects	Barry Liu									

Deputy Director	Jack Tsai										
Assistant manager	sam chen										
project Manager	Charlene Yu										
Deputy Director	Eric Liao										
Deputy Director	Kello Wu										

**VII. Issuance of new shares in connection with mergers or acquisitions or with the acquisition of shares of another company:** None.

**VIII. Implementation of Capital Utilization Plan:** None.

## Five. Business Operation

### I. Capital and shares

#### (I) Scope of Business

1. Principal business activities

- (1) Wired communication equipment and apparatus manufacturing
- (2) Manufacturing of electronics components
- (3) Restrained telecom radio frequency equipments and materials manufacturing (radio transceiver only)
- (4) Restrained telecom radio frequency equipments and materials import (radio transceiver only)
- (5) Computer and peripheral equipment manufacturing.
- (6) Data storage media manufacturing and duplicating.
- (7) Wireless communication equipment and apparatus manufacturing
- (8) International trade
- (9) Software design services

Research, development, production, manufacturing and sale of the following products:

- (1) Broadband Internet router/gateway
- (2) Virtual private network
- (3) Firewall
- (4) Layer 3/Layer 4 switch
- (5) Wired high-end broadband network security router
- (6) Wireless high-end broadband network security router
- (7) LEO Satellite Broadband Network Service Gateway
- (8) Network service matching platform
- (9) Backbone network switch OEM
- (10) OEM production of indoor/outdoor network cameras and doorbell network cameras

2. The Company's major products and their weights:

Unit: NTD thousand

Product type	2023 turnover	Weight of business
Communication product	2,984,140	78.42%
Others	821,253	21.58%
Net operating revenue	3,805,393	100.00%

3. Present products of the Company:

- (1) DOCSIS 3.0/3.1 Cable Modem
- (2) IoT Module/Gateway/Sensor
- (3) Mesh Wi-Fi Router
- (4) GPON HGU Gateway
- (5) Outdoor WiFi AP
- (6) Security Router
- (7) Wireless xDSL Router
- (8) Wireless AP/Bridge/Router
- (9) Smart Router
- (10) VPN Router
- (11) VoIP Gateway/Router
- (12) Satellite Gateway
- (13) Satellite Router
- (14) SMB Indoor/Outdoor AP
- (15) Wi-Fi 6 Router/Gateway
- (16) NB IOT Tracker
- (17) Small and medium-sized enterprise network switches and spine switches
- (18) Indoor/outdoor network cameras, doorbell network cameras

4. New products planned for development

- (1) 5G FWA/CPE
- (2) WiFi FWA Remote Wireless Communication Bridge
- (3) Wi-Fi 7 Router/Gateway
- (4) SMB Network Controller
- (5) Cloud Version SMB Network Controller
- (6) Ceiling Mount EAP
- (7) Wall Mount EAP
- (8) SMB Smart/Management Gigabit/Multi-G Switch
- (9) XGS-PON SFU
- (10) SMB Controller microservice integrated with 3rd party SD-WAN
- (11) Wi-Fi 7 Outdoor AP
- (12) SMB Total Solution integrates Easy SD-WAN
- (13) SMB Total Solution integrates GPON/XGS-PON
- (14) SMB Total Solution integrates 5G FWA/CPE

## (II) Industry Overview

### 1. Current status and development of the industry:

5G will continue to develop in 2023. According to the data of GSMA, the global average 5G adoption rate is 16%. Ericsson stated that in 2023, the global number of 5G users increased by over 1.67 billion. Additionally, with the acceleration of global urbanization, smart cities are continuously evolving. Many smart city initiatives and measures are being implemented globally, encouraging investments in urbanization worldwide. According to the forecast of the Organization for Economic Co-operation and Development (OECD), between 2010 and 2030, investments in global smart city metropolitan infrastructure projects will reach approximately \$1.8 trillion. This initiative is expected to drive the demand for 5G base stations to ensure uninterrupted services for customers.

Due to its high investment rate in 5G deployment, the United States is a major innovator and investor in the 5G base station market. The country's telecommunications industry accounts for a significant portion of the global consumption of 5G technology. In the regional 5G base station market, investments and deployments in the United States have been significant. U.S. telecommunications companies such as AT&T, Verizon, and T-Mobile have signed agreements worth USD 1 billion with network equipment suppliers like Ericsson, Samsung, Nokia, Huawei, and ZTE to participate in the construction of 5G network infrastructure in the United States.

Ericsson expects that by 2026, the number of 5G users worldwide will exceed 195 million. In the United States, it is projected that by 2029, 5G will account for approximately 71.5% of the overall mobile market. CTIA indicated that rapid growth will lay the foundation for the 5G economy in the United States. This will bring about USD 275 billion in investment and 3 million new job positions, contributing to a USD 500 billion economic growth in employment opportunities.

On the other hand, in 2023, Taiwan successfully hosted its first 3GPP plenary meeting, attracting top executives from leading technology and telecommunications companies such as Intel, Qualcomm, Samsung, Apple, Vodafone, SoftBank, and T-Mobile, among others. These executives traveled to Taiwan specifically to participate in the 3GPP plenary meeting, including Younsun Kim, Vice President of Technology of Samsung Research Institute; Juho Lee, Executive Vice President of Samsung Technology Department; Chen Wan-Shih, Senior Vice President of Qualcomm Technology Department and

Chairman of 3GPP TSG-RAN; Yusuke Nakano, Head of KDDI 3GPP Standards Department; Hiroki Takeda, Business Manager, Department of Commerce, KDDI; Lionel Morand, Chairman of 3GPP TSG CT; Antti Toskala, Head of Wireless Communication Standards, Nokia Bell Laboratories; Sari Nielsen, Head of Communication Standards Department, Nokia; JAIN Puneet, Senior Director of the Technical Standards in the Next Generation and Standards (NGS) Group at Intel and Chairman of 3GPP SA; Adrian Scrase, CTO of ETSI, and Chris Pudney, Head of Wireless Communication Architecture and Standards Department, Vodafone.

The development of 5G enters the era of space communication

One of the key focuses of the meeting was the integration and development of 5G with space communication, specifically with LEO, MEO, and GEO satellites. Discussions revolved around the new 5G Non-Terrestrial Network (NTN) technology standards. Before the advent of 6G, 5G NTN is poised to become the new battleground for global technology giants in the coming years, attracting significant attention. At the 2023 World Mobile Congress (MWC), MediaTek unveiled the world's first 3GPP 5G NTN smartphone. MediaTek's groundbreaking achievement primarily drove the choice of Taiwan as the venue for the 3GPP member meeting.

NTN technology originates from the Third Generation Partnership Project (3GPP). In late March 2022, it announced the formal completion of the Phase 3 protocols for 5G New Radio (NR) Release 17 (R17). The development of wireless access technology by 3GPP in R17 can be summarized as continuous evolution and accelerated expansion of 5G.

After the completion of R17, the long-awaited satellite network standard for mobile devices should be completed in 2022, and commercial services are expected to be available within two years. By formally incorporating satellites as part of the 3GPP specifications, supporting the commitment to global access to 5G networks, this development is poised to accelerate the rapid growth of the satellite industry. During the 3GPP R18 workshop in June, stakeholders actively promoting NTN discussed plans to further confirm the use of frequencies above 10 GHz for satellite access based on NR. This initiative aims to serve both fixed and mobile platforms such as airplanes, ships, drones, and stationary equipment installed on buildings.

### **Wi-Fi mainstream specification development enters the stage of Wi-Fi 7**

Wi-Fi Alliance® launched Wi-Fi CERTIFIED 7™ in early 2024, a powerful new feature that enhances Wi-Fi® performance and improves connectivity in various environments. The cutting-edge features of Wi-Fi CERTIFIED 7 enable innovations that rely on high throughput, deterministic latency, and higher reliability for critical traffic. New use cases – including multi-user AR/VR/XR, immersive 3D training, video gaming, hybrid work, IIoT, and automotive – will be facilitated by the development of the latest generation of Wi-Fi. Wi-Fi CERTIFIED 7 represents the pinnacle of the extensive collaboration and innovation within the Wi-Fi Alliance®, which promotes global product interoperability and a robust and complex device ecosystem.

Wi-Fi 7 will be rapidly adopted in a wide range of ecosystems. More than 233 million devices are expected to enter the market by 2024, and the number will

grow to 2.1 billion devices by 2028. Smartphones, PCs, tablets, and access points (APs) are expected to be among the first devices to adopt Wi-Fi 7. Additionally, users of client devices (CPE) and enhanced and virtual reality (AR/VR) devices will continue to be attracted to the early market opportunities [1]. Wi-Fi CERTIFIED 7 pushes the boundaries of today's wireless connectivity. Wi-Fi CERTIFIED™ helps ensure that advanced features are deployed in a consistent manner to provide a high-quality user experience. Advanced features include:

- 320 MHz channel: Available in countries where the 6 GHz band is available to Wi-Fi, the ultra-wide channel is twice the size of today's widest channel to facilitate multi-gigabit device speeds and high throughput
- Multilink operation (MLO): Allows equipment to transmit and receive data over multiple links simultaneously to increase throughput, reduce latency, and improve reliability
- 4K QAM: 20% higher transmission rate than 1024 QAM
- 512 Compressed Block Ack: Improve efficiency and reduce overhead
- Multiple RUs corresponding to one STA: Improve the flexibility of spectrum resource scheduling and improve spectrum efficiency
- Triggered Uplink Access: Optimize the Triggered Uplink Access defined by Wi-Fi 6 to accommodate delay-sensitive flows and satisfy QOS requirements
- Emergency Preparedness Communication Service (EPCS): Provide users with a seamless National Security and Emergency Preparedness (NSEP) service experience while maintaining Wi-Fi access network priorities and service quality.

### **Wi-Fi still holds an irreplaceable position**

First, in terms of the cost of use for users, a lot of the 5G online service charges of mobile telecommunication providers in most countries adopt the design of service packages according to different transmission volume limits, and unlimited transmission volume is the highest service package offered to users. For most of users, selection of a reasonable monthly charge along with the use of Wi-Fi has been the widely accepted use model. In addition, business operators, such as T-Mobile, are developing their 5G FWA service. Nevertheless, in terms of the fixed broadband service providers based on local Comcast with the average monthly consumption of several hundred GB bandwidth volume, mobile telecommunication service providers must be able to provide sufficient Wi-Fi volume to reduce the burden of base stations, in order to cope with the increasing number of 5G FWA users.

The second factor is related to the product development cost. Since Wi-Fi uses unauthorized bands, for equipment developers, they are not required to invest a great amount in the chip market entrance fee and patent royalty fee, and the large industrial ecosystem has been established under such relatively low entrance barrier. However, 5G mobile communication development requires relatively higher entrance cost. Except for smartphones and PC devices of higher selling prices being widely developed by manufacturers, the diversity of the rest of the products is still limited. In the network-connected era, the connection of numerous devices through Wi-Fi and 5G is a more effective and beneficial method.

Lastly, according to the above, it can be understood that the Wi-Fi technology is improving continuously, and a new version is released approximately every 5 years. The transmission rate for the next generation of Wi-Fi 7 is expected to have a significant improvement in the wireless network technology group, and it will be closely tied to the evolution of fixed optical fiber specification. Accordingly, business operators will seize opportunities in the enormous

broadband application market. In general, the situation where Wi-Fi being replaced by 5G may still occur in some markets (such as corporate exclusive network); however, as Wi-Fi still has its advantages in various aspects, both technologies are more likely to develop in the co-existence state in the future.

### **Growing demand for enhanced network, low-latency, and broadband communication among enterprises is driving market development**

According to the forecast of GII Global Information, the global Wi-Fi 7 market will grow at a compound annual growth rate of 52% during the forecast period from 2023 to 2030.

In addition, the significant increase in data traffic has accelerated the demand for excellent network connections in multiple vertical industries such as enterprise and industrial in order to obtain instant and fast updates anytime, anywhere. For example, Wi-Fi 7 can connect smart home appliances such as thermostats, lights and security cameras. It can also connect IIoT devices such as robots and sensors. These new initiatives are increasing interest in Wi-Fi 7 and expanding the market. However, one of the biggest commercial constraints is the high cost of Wi-Fi 7 equipment. The complexity of Wi-Fi 7 devices makes deployment more challenging than previous generations of Wi-Fi devices. Installers may end up paying more for the service.

In terms of regional outlook, North America is still the main market to promote Wi-Fi technology. The number of smartphone users in the region is huge and growing, and the demand for high-speed Internet connections in homes and businesses is high. However, the Asia Pacific region is expected to become the largest region in the Wi-Fi 7 market. In just a few decades, Asia has rapidly transformed from a global power in the wireless field to a leader in innovation and application. This rapid development is attributable to several factors. On the one hand, it is the scale of the Asian market. In addition, Asia has a population of more than 4.5 billion, accounting for half of the world's population. This has expanded the size of the potential market for wireless services, helped reduce prices, and made wireless technology more widely available to all consumers.

### **Network Solutions for Small and Medium Enterprises**

The SMB network equipment market for small and medium enterprises has always been an active and competitive field. The scale of this market has been growing steadily, and will continue to maintain this growth momentum in the future. The main driving factors behind this growth include the continuous growth of data traffic, increasing needs for security, diversity of enterprise applications, and the rise of remote working trends.

As data traffic continues to increase, SMB needs faster and more reliable network equipment to deal with this challenge. At the same time, with the frequent occurrence of network attacks and data leakage incidents, SMB's demand for network security is also increasing. Therefore, network devices with powerful security functions will be popular. In addition, with the rising trend of remote work, the demand for remote access and network connection will also increase. Therefore, SMBs need to update and expand their network equipment to support this new work style.

In terms of technology trends, the SMB network equipment market continues to iteratively update some key technologies. For example, Wi-Fi 6 and Wi-Fi 7 technologies provide higher wireless network speed, better capacity, and lower latency. In addition, centralized network management and cloud management technology make network management more flexible and easier to manage.

Additionally, with the popularity of IoT devices, SMBs also need to update their network equipment to support these new devices. This includes better security flexibility, better connectivity, and better management functions.

CyberTAN's SMB solution design philosophy is to meet the needs of SMBs and solve the pain points of SMB network use and management. It has the following features:

- (1) Simple and easy-to-use unified cloud management: Most SMBs may not have a dedicated IT team to manage network devices. Therefore, the cloud-based design of CyberTAN's SMB solution is very intuitive and easy to use, which can be easily configured, managed, and debugged, even by non-technical personnel.
- (2) Cost-Effectiveness: SMBs are usually cost-sensitive. The SMB solution of CyberTAN can provide a good price/performance ratio, integrating R&D with the efficient production of the self-factory, in order to provide SMB products with competitive prices.
- (3) Scalability: As the enterprise grows, the network requirements will also increase. CyberTAN's SMB solution has good extensibility. Through OpenAPI, partner equipment can be flexibly expanded and integrated to meet the new needs of enterprises without large-scale equipment replacement. Cloud management makes it easy to perform large-scale equipment software updates without interrupting network services.
- (4) Security: For SMBs, network security is very important. CyberTAN's SMB solutions provide powerful security functions, including a firewall, intrusion detection system, and virtual private network (VPN), to protect corporate data and systems from threats.
- (5) Performance and reliability: CyberTAN's SMB solutions provide good performance and reliability to meet the daily operational needs of enterprises. This includes fast data transfer speeds, stable connections, as well as good troubleshooting and support services.

Artificial Intelligence (AI) is a very popular technology recently. A large scale of R&D resources are also invested by CyberTAN to introduce AI technology into SMB solutions. By integrating the professional knowledge of network, Wi-Fi, and cloud management accumulated over time, the introduction of AI will greatly enhance the product strength and differentiation of SMB solutions, which are specifically reflected in the following areas:

- (1) Network security enhancements: Use AI to analyze traffic patterns, detect abnormal activities, and block potential threats to improve network security. This helps protect SMBs' networks from malicious attacks and data breaches.
- (2) Network management optimization: AI algorithm optimizes network usage to help SMBs better manage their network equipment and resources. Optimize network performance through automatic monitoring, data collection and calculation, and adjust network bandwidth to ensure more efficient network operation of enterprises.
- (3) Failure prediction and prevention: AI analyzes network device data to predict possible failures. This helps SMBs identify and resolve potential problems in a timely manner, thereby reducing downtime and maintenance costs.
- (4) Smart customer service and support: CyberTAN applies AI technology to customer service and technical support to provide smart solutions. Through natural language processing and machine learning, AI can help SMBs solve user problems faster and more accurately, increasing customer satisfaction.
- (5) Predictive analytics and business insights: CyberTAN utilizes AI algorithms to analyze large volumes of network data, extracting valuable



information and providing business insights. This helps SMBs better understand their network operations and find potential room for improvement and optimization.

2. Correlation among upstream, midstream and downstream in the industry:

We are a supplier specialized in the product development, design, and manufacturing of wired and wireless broadband network equipment as well as the development, design and after-sale service of relevant software and firmware. The upstream of all product lines includes materials such as processors, network interface controller chips, broadband exchange/router chipsets, data encryption chips, power supplies and printed circuit boards and the downstream includes network equipment distributors and regional carriers.

3. Development trends of products:

**LEO satellite communication**

Due to the gradual development of the LEO satellite market, MIC estimated that market scale will reach USD 24.78 billion in 2027. Analysis of Euroconsult: The demand for broadband communications satellite will increase 5 times in the future 10 years and 1,250 satellites will be launched per year. Compared to the 260 satellites launched in the previous 10 years, the rapid increase of number clearly proved the prospering development of the satellite broadband market and industry. This change not only reflected on the demand for satellites but also reflected on the main usage of satellite and the current status of satellite broadband operators regarding the government and purpose.

The 5G mobile communication era begins and how to meet the demand for 5G communication in various terrains and regions around the world while maintaining good 5G communication quality becomes the new issue for vendors in various industrial supply chains strive to conquer. The development of LEO satellite attracts much attention because the satellite signal can travel over mountains and oceans to make up for the deficiency of 5G wave. However, due to the restriction of geographical space, there are about 70% of regions without network coverage in the world. In most of these places, this is due to factors such as precipitous geographic environment, remote location or being located at sea or in the mountains; these areas increase the difficulty and cost for network infrastructure establishment and maintenance. Also, most internet service providers are unwilling to invest in these areas due to the low population, meaning poor potential user number and network traffic.

The satellite communication can be classified from high to low as GEO, MEO and LEO according to the orbit distance. Featured with low latency and increasingly low cost due to the investment of multiple vendors, LEO can assist in strengthening the disadvantage of difficult establishment of 5G AP in harsh environments since its transmission rate is better than 4G communication after testing.

The orbit distance of GEO satellite is about 36,000km from earth. Therefore, GEO satellite provides wider signal coverage on earth due to the long distance between the orbit and the earth. Thus, only three broadband satellites are required for orbiting to cover the world with broadband signal. The establishment and maintenance cost of the satellite is greatly reduced because its lifetime can reach 15 years. However, the long delay time of data communication is the disadvantage of the satellite.

The orbit distance of MEO satellite is about 8,000km from earth. The required satellite numbers in the system are slightly higher than the GEO system due to

its closer orbit distance from earth. Every satellite has shorter service time than the GEO satellite in the covering region. Thus, the control and switching of system is simpler, the satellite and earth station cost is lower and the satellite lifetime is slightly shorter than GEO.

The orbit distance of LEO satellite is about 1,000km from earth. The low orbit distance of the satellite provides shorter transmission delay time and less path loss. However, this requires thousands of satellites to form the network structure to realize true global coverage. Therefore, due to the feature of shortest transmission delay time, LEO satellite broadband technology is considered as the satellite broadband technology with most development potentiality.

However, the LEO system requires more satellites, has higher launching cost with relatively short satellite lifetime and complicated system technology. This is also the problem that present LEO satellite operators striving to conquer.

The market scale of global broadband satellite service was settled to be USD 226.5 million in 2019. According to NSR's analysis of satellite broadband market, it is estimated that the industrial scale will be promoted with a compound annual growth rate of 27.0% from 2021 to 2026 and expected to reach USD 79.07 billion by the end of 2026. Therefore, many emerging broadband satellite service providers are established one after another and the entire industrial chain of broadband satellite service begins to enter the ascending stage.

### **Latest development of main low-earth-orbit (LEO) satellite business operators**

The main International low-earth-orbit satellite (LEO) satellite service operators nowadays include SpaceX's Starlink, Amazon's Kuiper in the U.S., and Oneweb jointly invested by the British government and Bharti Airtel, the largest telecommunication service operator in India, satellite broadband service provider Telesat, and the U.S. satellite business operators of Indium and Globalstar providing the mobile satellite communication service. In addition to the aforementioned main LEO satellite business operators, GSO satellite business operators, such as Viasat, are also optimistic about the LEO satellite market business opportunities. It is expected to develop the LEO satellite for the next generation of satellite, and relevant network deployment will be started in 2026.

### **Starlink LEO satellite star-system planning progress**

SpaceX is a space technology company established by the founder of Tesla, Elon Musk, the wealthiest man in the world according to the ranking of the 2022 Forbes World's Billionaires. The goal of the company is to reduce space transportation cost and to achieve the vision of manned spacecrafts for mars immigration. The company is committed to the development of space technologies, including the manufacturing of satellites and rocket recovery technology, etc.

According to SpaceX's LEO satellite star-system planning, it is divided into four stages, including the stage of massive applications for launch permits before 2020, the intensive launch stage for 2020–2024, the global network trial operation stage for 2024–2027, and the final goal of the full commercial service operation stage expected to commence in 2027. Starlink plans to complete the deployment of more than 5,000 LEO satellites in 2024, and is expected to complete the deployment of the remaining 7,518 satellites in 2027, for a total of 12,000 LEO satellites.

As of March 2024, SpaceX has launched a total of 5,504 Starlink satellites into orbit. Although this statistic includes prototypes and failed satellites, the number

of Starlink satellites in operation has reached 5,442 satellites. This makes Starlink the operator of the largest constellation of LEO satellites for broadband internet services, with global coverage and the highest number of satellites in service.

### **Oneweb LEO satellite star-system deployment progress**

Oneweb was established in 2012 and its headquarters are located in London, U.K. and Virginia, U.S.A. Under the impact of the withdrawal of the original investor Softbank at the end of March 2020, Oneweb announced the application for its bankruptcy protection. Subsequently, in July 2020, the British government and the Indian telecommunication group Bharti Global respectively acquired 45% of the shares of Oneweb with GBP 800 million (approximately USD 1 billion) (GBP 400 million of investment from each, approximately USD 500 million), and the remaining 10% of shares were held by the existing creditors, including SoftBank.

In general, Oneweb is one of the main competitors of SpaceX, and its star-system communication performance and deployment speed at the initial stage are next to SpaceX. Oneweb plans to launch 716 units of LEO satellites during the first stage. It originally planned to send 32–36 satellites into orbits in one launch per month in 2020; however, Oneweb announced bankruptcy after the satellite launch in March 2020, such that its satellite launch was suspended. It wasn't until December 2020 that Oneweb resumed its operation deployment. In May 2021, 36 units of Oneweb satellites were launched with Arianespace, and as of March 2022, a total of 428 satellites had been launched completely. In the latest planning, Oneweb has reduced the number of satellite launches for the first stage, and it is expected to deploy all 649 units of satellites to achieve the global coverage in 2022. For the second stage, presently, it plans to divided it into three sessions of launches in order to deploy a total of 6,372 units of satellites.

### **Oneweb commercial service development**

Oneweb's LEO satellite service is mainly targeted at the niche market of corporate and government applications. It expects to provide network coverage for regions above the north latitude of 50 degrees. Presently, it has completed the coverage for the regions of the U.K., northern Europe, Greenland, Iceland and Canada, and it plans to provide commercial service at the end of 2021. After the acquisition of Oneweb by the largest telecommunication group in India, Bharti Global, Oneweb also includes India in its latest global communication service plan, and it expects to provide its service in India in 2022.

The application scenarios provided by Oneweb cover the feedback network, aerospace, marine applications and government use. Among such applications, the field of marine use is the key planning focus for Oneweb, and it includes marine applications aimed to satisfy different demands of commercial vessels, cruises, recreation boats and fishery. It expects to provide marine satellite communication service of large volume and low latency.

### **Amazon Kuiper LEO satellite star-system deployment progress**

In April 2020, Amazon announced to reach the largest rocket transaction in the commercial aerospace industry, and it had signed with agreements with three companies for a maximum of 83 launches of its Kuiper project IoT satellites.

This technology giant signed agreements with United Launch Alliance (ULA), a joint venture of Boeing and Lockheed Martin for 38 launches. It also cooperated with the European company Arianespace 18 times, and cooperated with Blue Origin invested by the founder of Amazon, Jeff Bezos, 12 times, with an

additional option of 15 times of cooperation.

Kuiper's plan is to establish a network formed by 3,236 satellites at the low-earth orbit for Amazon in order to provide high-speed internet network for all areas around the globe. FCC granted its permission in 2020, and Amazon indicated that "the investment will exceed USD 10 billion" to construct the system.

**By 2026, it plans to deploy 1,600 satellites.**

At the beginning, Amazon will start its test of two units of Kuiper prototype satellites, and it is planned to launch by the RS1 rocket of ABL Space at the end of this year, following which it will deploy satellites in space orbit. Although Amazon has not explained when the Kuiper launch activity will start, according to the FCC rules, the company is required to deploy half of the satellites of its project in 6 years. In other words, by July 2026, it will have approximately 1,600 satellites entering orbit.

Amazon's equipment and service senior vice president, Dave Limp, stated that "We still have a lot of works to be done. Nevertheless, we have achieved milestones one after another in all aspects of our satellite system. All of the cooperation agreements have reflected our unbelievable commitment and faith in the Kuiper project."

4. Competition

The Company has a complete product line, including wired/wireless broadband, wireless client, telecommunication client, digital home, IoT and SMB products. The Company has routing and wireless RF technology, broadband router, xDSL, PON and Cable routers, integrated access device (IAD) and VoIP router. The main competitors are Sercomm Corp., Arcadyan and Wistron NeWebl the main competitors of wireless network card/module are AZUREWAVE and Gemtek; the main competitors of digital home products are Alpha Networks, Arcadyan and Pegatron. Looking to the future, the Company will continue to research and develop new products meeting the fashion and trend of the market in the hope of pulling the distance from the competitors to create better performance.

**(III) Overview of Technology and R&D**

1. R&D expenses during the most recent year and up to the publication date of this annual report:

Unit: NTD thousand

Item/Year	Up to March 31, 2023	2022
R&D expenses	74,374	275,649

2. Technology and products developed successfully in the most recent year and up to the publication date of this annual report:

January 2015	DTA HD Gen2 Set-top Box was shipped
February 2015	1750Mbps 3x3 802.11ac Dual-mode Indoor Base Station for Small Businesses was firstly shipped
April 2015	Wi-Fi 802.11ac MU-MIMO 4x4/4x4 Wireless Router was shipped
April 2015	First batch of 2600Mbps 4x4 802.11ac Wave-2 Dual-band Dual-mode High-speed Wireless Router was shipped
September 2015	Ka-band Satellite Broadband Router was shipped
March 2016	DOSIS 3.0 Cable Modem was shipped
October 2016	IoT Wireless Smart Home Sensor Kits was shipped
November 2016	4K Set-top Box was shipped

December 2016	First batch of Home Mesh Wi-Fi Router Kits was shipped
February 2017	High-end Cable Set-top Box was shipped
April 2017	IoT Enterprise WSN Gateway was shipped
July 2017	Home Antivirus Firewall Dual-band Wireless Router was shipped
September 2017	Second version of High-speed Satellite Broadband Wireless Router was shipped
February 2019	High-speed Satellite Broadband Wireless Extender
March 2019	Mesh Wi-Fi Router for Chinese customers was shipped
April 2019	NB-IoT Tracker for North American customers was shipped
May 2019	DOCSIS 3.1 Wi-Fi 6 Cable Gateway was shipped
December 2019	First testing machine of new generation High-end Smart Set-top Box was shipped
May 2020	Wi-Fi 6 Router for North American customers was shipped
June 2020	Mass production model of new generation High-end Smart Set-top Box was shipped
September 2020	5G Wi-Fi 6 Gateway was shipped
October 2020	Shipment test of 5G FWA testing machine for North American customers
April 2021	Wi-Fi 6 Dual-band Mesh Full Coverage Router was shipped
June 2021	Sample of LEO Satellite Broadband Trial Operation was delivered
October 2021	Sample of 5G FWA SD-WAN WIFI 6 Router was delivered to European customers for testing
January 2022	WiFi 6 Mesh packages of brand customers were shipped
February 2022	Indoor mass production began for North American customers
February 2022	LEO Satellite Broadband Bridge was shipped
July 2022	Sample of Wi-Fi 7 4x4 Tri-band High Performance Router was delivered
August 2022	Outdoor AP was shipped for North American customers
November 2022	Sample of LEO Satellite Broadband Maritime Broadband Gateway was delivered
May 2023	Launched the AI (ChatGPT 3.5) powered customer service forum
July 2023	Started sample delivery of SMB Controller + Ceiling EAP set
August 2023	Sample delivery of SMB Controller + Wall-mounted EAP set
September 2023	SMB Controller microservice successfully integrated with client's SD-WAN products
October 2023	Entry-level 24-port switch that supports OpenWi-Fi/OLS cloud management
October 2023	AI engine-optimized wireless roaming experience (patent pending)
October 2023	Completed the 5G CPE development completed and started sample delivery
December 2023	Submitted brand client's OpenWRT software version for testing
December 2023	Started sample delivery of SMB Controller + EAP +

**(IV) Long-term and short-term business development plans:**

## 1. Long-term business development plan

## (1) Product development:

- a. Accelerating the development of new generation wireless broadband products based on strong technology capability. For example, 5G mobile broadband “8K+5G” smart home audiovisual equipment, satellite communications, SDWAN and Wi-Fi 6/6E; integrating various product technologies and combining the deployment of new markets to further create new growth dynamism.
- b. Continuing to enhance the collaboration with leading international chip companies to maintain the leading position of new product launching and exploring new business opportunities based on the relationship.
- c. Continuing to strengthen the seamless connection between the market and the customer and grasping the development direction of first-hand product application to plan the product and technology blueprint meeting the entering time of the market at the beginning of new technology development.
- d. High-end core network switch, backbone network router, and switch OEM.
- e. Management Wi-Fi total solution for SMEs, including network controllers, Wi-Fi APs, L2/L3 switches, and cloud management software, focusing on software and hardware integration, AI optimized user experience and cloud architecture software design, moving toward the development of high value-added products.

## (2) Marketing strategy:

- a. Expanding the market deployment in America, Europe and Asia to acquire the best strategic position in emerging technologies and markets.
- b. Providing customers forward-looking and comprehensive product planning project to maintain present customer source and actively expand the weight of operating revenue.
- c. Expanding the new sales model to approach end customers and establish niche.
- d. Integrating technology and intelligentization for export strategy and paying attention to consumer experience, understanding local demands and preferences to design and manufacture customized services or products.
- e. Expand the proportion of the no-brand and OBL business scope of WIFI6/6e/7 base stations for small- and medium-sized enterprises.
- f. Strengthen the management in the market separated from software and hardware, and cooperate with mainstream cloud service providers to expand sales channels.

## (3) Production strategy:

- a. By the manufacturing and supply chain systems of the groups, we reduce the production cost of the Company and increase the essential competitiveness and actual yield rate.
- b. Enhancement of inventory management to achieve inventory optimization.
- c. Understanding the changes in the demand of end customers to create maximum flexibility for the supply chain and provide best strategic efficacy for the customer.
- d. Accelerating the introduction of IIoT solutions and continuing the expansion of production automation.

- e. Aiming at the trade war to deploy plants outside China to reduce the impact of external environment on the customer.
- (4) Operation and financial planning strategy:
  - a. Promoting internationalized ideas and strengthening the business management capability of the enterprise to actively cultivate internationalized talents and march toward the goal of an internationalized enterprise.
  - b. Continuing the reduction of expense ratio to increase the profitability.
  - c. Properly utilizing the hedging instruments to reduce the exchange rate risk and avoid exchange losses.
- 2. Short-term business development plan:
  - (1) Product development:
    - a. Following the market trend, the short-term product development plan of the Company will continue to strengthen the technology of fixed-line broadband, Wi-Fi module and router. We also focus on the deployment in new product fields such as 5G mobile and satellite broadband, WIFI6/6e/7 base stations for small- and medium-sized enterprises, low-power IoT, network function virtualization, intelligent video and networks to become an innovative integrated design service provider that provides the customer with overall solutions including the development, design and production services of software and hardware.
    - a. Improving the collaboration with the customer by providing resources complement for each other to introduce the product in the market as soon as possible.
  - (2) Marketing strategy:
    - a. Understanding the supply and demand information of the supplier and customer markets and shortening the marketing decision process to achieve the best decision-making benefit.
    - b. Providing multiple products for existing customers to assist them in expanding new markets and accelerating the expansion of operating scale for each other.
    - c. Assisting the customer in the problems regarding the optimization of product cost structure and technology to increase market competitiveness and establish stable partnership.
    - d. Expanding the sales channels of existing products.
  - (3) Production strategy:
    - a. Implementing the carbon reduction plant in response to the global environmental protection.
    - b. Full improvement of product yield rate and enhancement of personnel education and training.
    - c. Strengthening the plant automation to improve production efficiency and intelligentization.
  - (4) Operation and financial planning strategy:
    - a. Continuing the promotion of six sigma, KPI and TQM systems to improve individual and department management performance and quality system to achieve the objectives of the enterprise.
    - b. To respond to the policy of the FSC and be in line with the international trend, we introduced the IFRS system to prepare the financial report and provide more transparent and reliable financial information for the capital markets at home and abroad.
    - c. Assessing suitable item for merger or acquisition to expand the market and customer shares.

## II. Market and sales overview

### (I) Market analysis

#### 1. Regions where our main products (services) are sold (provided)

The Company mainly focuses on the foreign OEM/ODM customers and most products are for sale abroad. The distribution of sales region is as follows:

Sales region \ Year	2023		2022	
	Amount	Ratio (%)	Amount	Ratio (%)
America	2,288,710	60.14%	3,872,880	67.32%
Asia	144,605	3.80%	302,780	5.26%
Europe	1,179,672	31.00%	1,377,322	23.94%
Others	192,406	5.06%	200,360	3.48%
Total	3,805,393	100.00%	5,753,342	100.00%

#### 2. Market share

The Industrial Technology Research Institute estimates that the output value of Taiwan's communications industry in 2023 will be 1.3 trillion NTD, with an annual growth rate of 2.4%. Akuei Hsu, Manager of the ITRI Industrial Economics and Knowledge Center, shared his "2024 Communication Industry Development Trend" and pointed out that the communication industry is undergoing remarkable changes and innovations. While 5G technology is gradually becoming widespread, visions and application scenarios for 6G development have already emerged. The convergence of technologies such as low-orbit satellites, cloud computing, artificial intelligence, and the IoTs is propelling the global telecommunications industry into a faster and more stable era.

According to Akuei Hsu, the economic weakness in Taiwan's telecommunications industry due to the pressure of high global inflation has made downstream players of Netcom products conservative about inventory preparation and new orders. Overall, the output value of Taiwan's telecommunications industry is expected to grow by 2.4% annually, reaching NTD 1.3009 trillion in 2023. The ongoing trend of upgrading network bandwidth driven by the application of AI and related infrastructure is expected to persist in the long term. Consequently, it is expected that the telecommunications services and data center markets will still have continuous demand for network communication equipment. In 2024, amidst overall economic instability, geopolitical tensions, and other negative factors, coupled with the tug-of-war driven by demand in the network communication equipment market, the estimated output value is expected to reach NTD 1.3254 trillion, with a growth of 1.9%.

### Shipment volume analysis

According to data from GII, the global Wi-Fi router market size is currently USD 12.5 billion, and it is expected to reach USD 19.88 billion in five years, with a compound annual growth rate of 9.72% during the forecast period.

More and more customers are participating in web browsing, mobile learning and other online related activities, which increases the demand for faster network access. Therefore, wireless routers, which are often used in notebook computers, personal computers and tablet computers, have become a necessity for human survival. Wireless routers are making a significant contribution to meeting the growing consumer demand for reliable Internet connections and strengthening Internet connections in many countries.

According to the Cisco Annual Internet Report, the number of connected devices



and connections will be close to 30 billion by 2023, up from 18.4 billion in 2018. By 2023, IoT devices will account for 50% (14.7 billion) of all Internet-connected devices, up from 33% (6.1 billion) in 2018. In addition, according to data from Cisco, fixed Internet IP traffic has increased from 65,942 devices in 2016 to 187,386 devices in 2021. The growth in the surveyed markets is likely to be driven by the increase in online traffic. In addition, according to Statistics Counter, mobile traffic accounted for more than 38.04% of all website traffic in Canada in January 2022, down from 40.95% in 2020. Desktop and laptop computers continue to dominate Internet usage in Canada. The increase in networked devices is likely to boost the growth of the research market.

### 3. Future supply & demand and growth in the market

GII proposed the market trend of Wi-Fi routers: Retail and e-commerce are expected to dominate the market

- Most companies with online businesses use online stores and platforms to conduct e-commerce marketing and sales activities, and to monitor logistics and fulfillment. These e-commerce trends are likely to drive the demand for Wi-Fi routers that enable consumers to access any online shopping website.
- More and more customers are participating in e-commerce transactions, web browsing, mobile learning and other online related activities, which increases the demand for faster network access. Therefore, wireless LAN routers, which are often used in notebook computers, personal computers and tablet computer devices, have become a necessity for human survival. Wi-Fi routers are making a significant contribution to meeting the growing consumer demand for reliable internet connections and strengthening Wi-Fi connections in many countries.

### **Wi-Fi Analytics Market**

Wi-Fi analytics refers to the process of analyzing and collecting customer data from Wi-Fi APs (such as smartphones and laptops) to access detailed information about customer traffic, retention time, and likelihood of churn. The unique signal broadcast by the device is used to identify the associated device ID to track whether a person logs into the Wi-Fi or not. Enterprise mass data software uses the data collected through the associated equipment to clean, process and apply high-level algorithm. Wi-Fi analytics aim to improve operations, trigger marketing, and track campaign results. Therefore, the global demand for Wi-Fi analytics is increasing as it enables organizations to use the information provided over the wireless network to make better decisions.

### **Wi-Fi Analytics Market Trends:**

Global adoption of IoT-enabled smart devices is one of the key factors driving market growth. This is further supported by the increasing number of smart cities, resulting in the installation of Wi-Fi hotspots in public places such as transportation hubs, shopping malls, ride-sharing and railway stations. In addition, several companies are launching innovative Wi-Fi analytics solutions to support visitor counting, route analysis, and key indicators in smart infrastructure stores, office buildings, and organizations. These solutions also include footfall cameras to facilitate accurate counting. They also used weather information to determine the impact of inclement weather on store traffic, and adjusted the correlation between RF equipment and security camera images to help identify persons of interest. Other factors, including government regulations to support more secure Wi-Fi analytics applications, as well as extensive investments in public infrastructure for building smart cities, hospitals, and transportation, are expected to drive market growth in the coming years.

According to the 2023–2028 Wi-Fi market analysis conducted by the Japanese

company GII Global Information, the global Wi-Fi market size reached USD 11.2 billion in 2022. Looking to the future, IMARC Group expects that the market will reach USD 39.9 billion by 2028, and the compound annual growth rate (CAGR) between 2022 and 2028 will be 23.6%.

4. Competitive niche

(1) Professional OEM

The Company is a professional OEM but also provides standard products to expand the customer base and reduce the risk of marketing. We are also devoted to providing solutions for customers via the resources of the Company by setting the final goal as to meet the demand of the customer. This also relatively increases the reliability, dependence and stickiness between the Company and the customer.

(2) Provision of complete product line

By the integration of wireless and router technology, the Company provides complete product line, including wired broadband (PON, Cable, xDSL, Gateway), wireless broadband products (5G, LTE, Satellite Gateway, Satellite Communication Switch Module), Wi-Fi AP, Small Cell, remote Wi-Fi bridge, WAN series products and basic to high-end routers, VoIP products, wireless modules, SiP and home digital audiovisual products; in addition, in aspect of digital home products, we provide set-top boxes and satellite routers and actively develop products related to IoT (M2M module, IoT module, sensor, gateway and tracker) to meet the needs of the customer via diversified and complete product lines.

(3) Advantage of manufacturing and supply chain

By the collaboration with groups and seeking the assistance of their manufacturing and supply chain systems, we effectively reduce the production cost of the Company and increase the competitiveness and actual yield rate of the Company.

(4) Outstanding R&D team

The R&D team of the Company not only specialized in their fields but also have years of experience in the industry. They are dedicated to the development of new communication technology and build strong integration and development capabilities of software, firmware and hardware to establish the core competitiveness of the Company and the new thinking of product by adopting software as the core. By the outstanding technical R&D capability, the Company integrates network communication technologies related to wired and wireless broadband (Fixed/Mobile Broadband), routing, RF, IoT and digital home. Therefore, we can quickly transform the understanding of the industry with appropriate product functions to the most advanced solutions in the market and provide the customer with products meeting the demand of the market.

(5) Strict quality control to provide the best quality product

The Company has received the certificates of ISO9001, ISO14001, TL9000 and OHSAS18001 and truly complies with the strict requirements in fields of design, manufacturing, knowledge and technical assurance to provide the advanced and superior products meeting the environmental laws and regulations. We were awarded the Green Partner certificate by Sony in Japan and our quality and R&D technology was recognized by international manufacturers. These may assist the Company in acquiring more cooperation opportunities with international manufacturers.

(6) Excellent after-sale service

The Company's return of products for repair is reduced to the PPM level to provide high quality after-sale service, including logistics department and engineering service department. In addition, we have other professional personnel to improve our product performance so that the customer can feel at ease without any worry.

5. Positive, negative factors for development outlook and responsive strategies:

Positive factors:

(1) Investment of Foxconn Technology Group

Since November, 2005, Foxconn Technology Group had invested in the Company and currently became the largest shareholder of the Company. Besides controlling the wired, wireless and core routers, software and hardware technology as well as the talents, the Company will continue to integrate the manufacturing and production, R&D and marketing resources of Foxconn Technology Group to expand the market share and customer base. Therefore, the Company is expected to develop increasingly in the future.

(2) Global economic recovery and industrial trend

The EU, affected by the Russo-Ukrainian War, oil prices, and green inflation, has seen the emergence of pressures from stagnant inflation, thus showing a weak recovery phenomenon in 2024. In general, the GDP forecasts of the three of the four major economies in the world (the United States, China, India, and the European Union) are expected to be worse than that in 2023; coupled with the fact that ASEAN countries are closer to China, they are relatively less affected by it. China's economy is trending toward a soft landing, and Southeast Asian countries also show no outstanding performance. Various indicators suggest that the economy may recover in 2024, but it won't be a robust recovery.

In 2024, there will be high inflation, high interest rates, and expansion of economic sanctions between the U.S. and China, such as chip and rare earth metal bans. There will also be rising geopolitical risks, including the prolonged Russo-Ukrainian War, conflict in Gaza Strip, the Red Sea crisis, and the ongoing military conflict between Israel and Iran. Global economic performance is expected to be weaker compared to 2023. The IMF maintains a relatively optimistic view, holding at 3.1%. The IMF forecasts global economic growth to be 3.1% in 2024, remaining flat compared to 2023. The IMF's "World Economic Outlook" (WEO) report released in January predicts global economic growth of 3.1% in 2024 and 3.2% in 2025, with the 2024 forecast being 0.2 percentage points higher than the October 2023 WEO forecast. This adjustment is primarily due to the IMF raising economic growth expectations for countries such as the U.S., China, and India. However, the global economic growth in 2024–2025 will be lower than the average level of 3.8% in 2000–2019. This is due to central banks implementing high-interest-rate policies to combat persistent inflation, countries reducing fiscal expenditures to address mounting debt burdens, and geopolitical constraints dampening momentum in the manufacturing sector.

**Looking into the future of global industrial development trend and forecast in 2024:**

It is estimated that the annual growth rate of the global communication industry will further increase to 7.2% in 2024, with an output value of USD 2.49 trillion. The global user end broadband communication industry will still focus on the upgrade of XG SPON 10G optical communication broadband, and the coverage of 5G Fixed Wireless Access (FWA) broadband access services continues to expand. 2024 will be a year of

significant growth for 5G broadband equipment and Fiber-to-the-Home (FTTH) equipment in the European and American markets. The expected improvement in household bandwidth will also drive demand for upgraded broadband user equipment such as Wi-Fi 6 to Wi-Fi 7 and high-end products. In particular, the 5G industry will continue to grow significantly for the following reasons:

- I. From 2021 to 2022, the capital expenditure of the global telecommunications industry increased by 4.2% in 2022 to USD 319.1 billion, and the growth will moderate in 2023. It is expected to continue to grow in 2024.
- II. 5G will become the mainstream specification for mobile phone networking by 2025. Nearly 200 telecom operators worldwide have launched 5G network services by 2023: 5G is expected to dominate both mobile connectivity and FWA broadband access specifications with a market share exceeding 50% in 2025, and possibly reaching two thirds of the market by 2027.
- III. At MWC 2024, advanced technologies in the fields of 5G, 6G, vRAN, and Open RAN continued to be showcased, with a focus on cloud-native approaches facilitated by systems based on vRAN and Open RAN. Therefore, more and more leading companies in the communication industry will provide solutions that support today's 5G open and virtual networks.
- IV. 2024 will continue to be a year of flourishing development for the mobile communication industry, especially in Europe where many unfinished businesses from 2023 will be taken up. Additionally, there will be successive launches of Open Radio Access Network (RAN), Generative Artificial Intelligence (GenAI), and standalone 5G core technologies.

Based on the analysis of global trends by the major research and development companies referred to above, the combination of “6G,” “satellite communication,” “Internet of Things,” “network function virtualization,” “AI” and other technologies; The management team will continue to formulate a corporate strategy for continuous growth based on the strategic framework of building software and hardware integration core capabilities.

Negative factors and responsive strategies:

- (1) Prolonged Russo-Ukrainian War and huge impact on inflation

The Russo-Ukrainian War has been ongoing for over two years, triggering chain reactions that have led to issues such as soaring energy prices, rising raw material costs, and inflation. Consequently, the global economy has fallen into a state of stagnation and downturn. Since the Federal Reserve announced a rate hike in March 2022, it has raised rates 11 times continuously. In February, the U.S. Consumer Price Index (CPI) annual growth rate increased from 3.1% in January to 3.2%, the highest since December 2023. The core CPI annual growth rate decreased from 3.9% in January to 3.8%, the lowest since May 2021. According to the U.S. Department of Labor's Bureau of Labor Statistics (BLS), the housing index and gasoline index together contributed more than 60% of the increase in CPI in February. Overall, the U.S. CPI announced in March 2024 will show that not much progress has been made in the war against inflation. However, the experts are still optimistic. Since the two years of the Russo-Ukrainian War, countries have actively revitalized their economies, raising hopes that they can bid farewell to the economic downturn this year.

Responsive strategy:

The communication industry is currently at a critical stage of the evolution of new technologies. The convergence of technologies such as 6G, satellite communication, IoT, and AI, along with ongoing updates to cloud data center capacity and data analytics technology, is reshaping the landscape. Whether it's broadband service providers, enterprise users, or end users, all will be participating in the latest trends of the industry in this technological evolution in 2024. Therefore, actively investing in technologies such as "6G satellite broadband communication," "emerging opportunities in the IoT," and "the integration of AI with high-speed network equipment" will remain the only viable solutions for stimulating continuous capital expenditure growth for broadband service providers and enterprise users under the significant inflationary pressures globally, and creating feasible solutions for end-user willingness to upgrade their used equipment continuously.

- (2) Increase in production costs of manpower and oil price and decrease in gross profits of products

The global material and labor costs continue to increase with the shortage of components such as main chips and semiconductors, greatly compressing the operating revenue and profitability of OEM/ODM. In addition, as the technology of broadband access equipment and products for the client becomes more mature, the technical barrier of competitors is also reduced and homogeneous products in the market continue to increase, resulting in the impact on the growth of profitability due to the compression of product price and gross profit.

Responsive strategy:

By actively collaborating with the supply chain and production platform via the Group, we seek information exchange on common procurement platforms to reduce critical component shortages and improve production efficiency, thereby lowering manufacturing costs. We invest in research and development of products with higher technical integration and complexity to get ahead of market competition through high-value-added products.

**(II) Important purpose and manufacturing processes of main products**

1. Important purpose of main products:

<b>Products category</b>	<b>Purpose</b>
<b>Broadband communication product</b>	The wired and wireless network equipment with path selection function used as the intermediary to connect LAN and WAN.
<b>WAN product</b>	Products are classified as (1) M.2 PCIe network card and Wi-Fi module is the application of internet connection mainly used in smart mobile devices such as notebook. (2) Wi-Fi AP and router are applied to internet access of users and wireless coverage. Various connection terminal equipment in the subnet can exchange data conveniently via the wireless router. (3) Mesh AP is applied to internet access of users and wireless coverage that provides video experience without any disconnection.
<b>Set-top box products</b>	The main products include IP, Cable, OTT and Hybrid set-top boxes mainly used for the application of digital home audio multimedia.
<b>IoT products</b>	The main products include WSN IoT gateway, IoT/M2M/NB-IOT module, sensor and smart router to provide interoperability between various communication protocols and standards and realize the applications related to IoT.

## 2. Manufacturing process:

Step	Manufacturing process	Process description
1	<b>R&amp;D and design</b>	<ol style="list-style-type: none"> <li>1. Determination of the plan based on the demands of the market and the customer</li> <li>2. Production of PCBA based on the circuit diagram designed by the R&amp;D personnel</li> <li>3. Mold design based on the machinery diagram required by the customer</li> <li>4. Introduction of mass production after completing the design verification</li> </ol>
2	<b>Kitting</b>	Material preparation via All parts/SAP/SFC systems based on the material list of product order
3	<b>SMT</b>	<ol style="list-style-type: none"> <li>1. The electronic components which can be manufactured by SMD equipment are automatically mounted to the PCB surface via mounting equipment and technology.</li> <li>2. The PCBA with completed mounting forms effective and reliable electrical connection by reflow process.</li> </ol>
4	<b>DIP</b>	<ol style="list-style-type: none"> <li>1. The electronic components requiring artificial/automatic plug-in are inserted in PCBA.</li> <li>2. The PCBA with completed plug-in forms effective and reliable electrical connection by wave process.</li> </ol>
5	<b>Preliminary testing</b>	<ol style="list-style-type: none"> <li>1. Initially determining the yield rate in the front-end process to screen qualified products for the yield rate in the back end.</li> <li>2. Basic function testing and guarantee to find out PCBA products with cold welding, empty solder or short circuit (e.g. whether it can start up normally and whether the version is correct).</li> </ol>
6	<b>RF commissioning</b>	Conducting calibration and testing of frequency and output power for wireless RF products to ensure the RF signal, frequency and output power complying with the requirements of the regulations to meet the needs of the customer.
7	<b>Assembly</b>	Assembling the PCBA and the antenna and machinery based on the SOP of machinery design to complete the finished product.
8	<b>Buru-in</b>	Accelerating the aging test of the electronic product components within a certain duty cycle (usually 48–168 hours) with power on and in extreme environments (load and high temperature) to test potential failure of the product.
9	<b>Final testing</b>	After the PCBA undergone burn-in and integration with the case, conduct the final function and information testing and the customized overall testing of the product.
10	<b>Packing</b>	Adding required packing attachments based on the functions and characteristics of the product.
11	<b>Shipment</b>	Sale of finished products

(I) **Supply of main materials**

<b>Name of main materials</b>	<b>Primary source</b>	<b>Status of supply</b>	<b>Price tend</b>
<b>Integrated circuit, memory</b>	From import and the domestic	Ordered procurement	Determined by the market supply and demand
<b>PCB</b>	From import and the domestic	Ordered procurement	Determined by the market supply and demand
<b>Transistor, diode</b>	From import and the domestic	Ordered procurement	Determined by the market supply and demand
<b>Various capacitors, resistances</b>	From import and the domestic	Ordered procurement	Determined by the market supply and demand
<b>Transformer, inductance, connector</b>	From import and the domestic	Ordered procurement	Determined by the market supply and demand

The Company directly negotiates with the agent or the original equipment manufacturer to purchase the critical components for the products of the Company. All materials have undergone the process of part approval and qualified supplier evaluation to ensure stable quality. Each material has more than two suppliers because the separated procurement from various suppliers can prevent the lack of materials and maintain the flexibility of bargain. To the present day, the Company continues to maintain long-term cooperation and excellent relationship with all suppliers for stable supply. The Company adequately manages resources and implements rigorous control on the quality and delivery date of suppliers, in order to ensure smooth and proper supply of key raw materials.

**(III) Customers accounted for more than 10% of total purchase/sales amount in the most recent two years**

1.Name of suppliers accounted for more than 10% of total purchase/sales amount in the most recent two years and the purchase/sales amount and ratio thereof:

Unit: NTD thousand

	2022				2023				As of Q1, 2024			
Item	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage up to the last quarter of the current year (%)	Relationship with the issuer
1	A	799,524	14.72	None	A	678,512	22.27	None	A	41,621	7.95	None
2	B	607,127	11.18	None								
3	Others	4,025,775	74.10		Others	2,368,748	77.73		Others	481,701	92.05	
Total	Net purchase amount	5,432,426	100.00		Net purchase amount	3,047,260	100.00		Net purchase amount	523,322	100.00	

Analysis of changes in major purchase counterparty: there was no significant changes in major purchase counterparty in 2023.

2.Name of customers accounted for more than 10% of total sales in the most recent two years and the sales and ratio thereof:

Unit: NTD thousand

	2022				2023				As of Q1, 2024			
Item	Name	Amount	Annual net sales percentage (%)	Item	Name	Amount	Annual net sales percentage (%)	Item	Name	Amount	Annual net sales percentage (%)	Item
1	A	1,915,448	33.29	None	Cloud	880,149	23.13	Note 2	Cloud	195,085	29.60	None
2	Cloud	1,284,331	22.32	Note 2	C	838,037	22.02	None	D	279,839	42.46	None
3	Belkin	856,694	14.89	Note 1	D	766,165	20.13	None				
4	C	807,061	14.03	None	A	471,611	12.39	None				
5					E	381,629	10.03	None				
6	Others	889,808	14.56	None	Others	467,802	12.30		Others	184,151	27.94	
Total	Net sales	5,753,342	100.00		Net sales	3,805,393	100.00		Net sales	659,075	100.00	

Note 1: The customer became the related party on September 2018.

Note 2: The customer is the affiliate of Foxconn.

Analysis of changes in major sales counterparty: Sales in 2023 will decrease due to reduced demand for Belkin, resulting in a reduced proportion of Belkin customer revenue .



**(V) Production volume for the most recent two years**

Unit: thousand pieces; NTD thousand

Key products \ Year	2023			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Communication product	1,714	1,714	2,984,140	3,802	3,802	4,646,510
Total	1,714	1,714	2,984,140	3,802	3,802	4,646,510

**(VI) Sales volume for the most recent two years**

Unit: thousand pieces; NTD thousand

Key products \ Year	2023				2022			
	Domestic Sales		Exportation		Domestic Sales		Exportation	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Communication product	-	-	1,714	2,984,140	-	-	3,802	5,510,971
Others	-	-		821,253	-	-	-	242,371
Total	-	-	1,714	3,805,393	-	-	3,802	5,753,342

**III. The number of employees, their average service seniority, average age, and education level distribution ratio in the most recent two years up to the publication date of this annual report**

Year		2024.05.10	2023	2022
Number of employees	Indirect personnel	211	208	210
	Direct personnel	0	0	0
	Total	211	208	210
Average age		41.5	41.8	41.9
Average years of service		6.71	6.7	7.2
Education level distribution	Doctorate	1(0.47%)	1(0.48%)	None
	Master	82(38.86%)	81(38.94%)	78(37.14%)
	University/college	124(58.77%)	122(58.65%)	128(60.95%)
	High school	4(1.90%)	4(1.92%)	4(1.9%)
	Below high school	None	None	None

**IV. Information on environmental expenditure**

- (I) Losses incurred due to environmental pollution in the most recent two years: None.
- (II) Countermeasures: N/A.

## **V. Labor relation**

### **(I) The Company's current important employee benefits and the agreement made between employers and employees**

#### **1. Implementation of employee insurance:**

In addition to taking out labor insurance and health insurance for our employees, the Company has also formulated employee group insurance plans, including life insurance, accident insurance and hospitalization.

#### **2. Improvement of employees' health and safety:**

A. Employee medical check-ups: Our permanent employees can enjoy a free medical check-up every year. Since we focus on employee health management, for any employees who receive abnormal results from medical check-ups, we actively assist them to go through further inspection and treatment to ensure their physical and mental health. The Company also provides new information or reminders about health on our internal website on an irregular basis to encourage the employees to eat healthily, exercise regularly and maintain normal routine.

B. Massagists with visual impairment: We hire massagists with visual impairment to provide massage service for our employees for the purpose of not only providing work opportunities for visually impaired people but also reducing the employees' work pressure to improve their physical health.

C. Implementation of various health improvement programs: The Company irregularly organizes an employee weight loss competition to enable the employees to encourage each other to lose weight in a healthy competitive environment. In addition, we promote quitting smoking and passive smoking prevention activities on the Company website on an irregular basis to urge the employees to give up smoking as soon as possible. A gym equipped with new and practical workout facilities is also in place for the employees to work out and exercise easily in the Company in addition to working. Moreover, we also post various nutrition information on the Company website to help the employees use food as medicine and form a healthy diet.

D. Several "Automated External Defibrillators/AEDs" placed in the Company: According to medical research, it is proven that if electric shocks are delivered to a patient having sudden cardiac arrest due to irregular heartbeat within 1 minute, the success rate of resuscitation can reach more than 90%. Therefore, we have placed several "Automated External Defibrillators/AEDs" in the Company to create a safe and health working environment and prevent risks.

E. Promotion of traffic safety: The Company pays a lot of attention on employees' safety; therefore, we hold industrial safety, factory safety and traffic safety promotional activities on an irregular basis.

F. Promotion of fire control and disaster prevention: In order to raise employees' awareness of fire control and disaster prevention, we irregularly promote relevant information on the Company website and teach the employees proper means of escape in case of earthquakes or fires.

#### **3. Incentive trip**

The Company's employee welfare committee organizes a domestic and overseas incentive trip every year and provides travel subsidies for the employees to encourage them to go outdoors in their free time, which is beneficial to the body and mind!

#### **4. Social activity**

The Company's employee welfare committee offers subsidies for social activities to encourage the employees to participate in various club activities.

We have organized a yoga club, dancing club, bike club, gardening club, etc., to allow our employees to have fun in these courses in their free time.

5. Annual leave system

The Company grants annual leave in accordance with the Labor Standards Act, and the payment of untaken leave is also provided.

6. Retirement system

The Company was approved by (89) Yuan-Lao-Zi Letter No.027487 issued by the Science Park Bureau, MOST on December 1, 2000 to establish the Employee Pension Provision Supervisory Committee in order to contribute 2% of employees' monthly salaries as the labor pension fund to the special pension bank account for future payment of employee pensions; the pension contribution has been made in accordance with related laws and systems.

The implementation of the Labor Pension Act commenced on July 1, 2005 and the defined contribution system was adopted. After such implementation, employees may choose to be subject to pension-related regulations in the Labor Standards Act, or to be subject to the pension system of the Labor Pension Act and retain their service seniority before application of the Labor Pension Act. For employees subject to the Labor Pension Act, the Company may not contribute less than 6% of the employees' monthly salaries as their pension funds every month.

**(II) Losses incurred due to labor disputes in the most recent three years: None.**

## **VI.Cyber Security Management:**

(I)State clearly the cybersecurity risk management structure, cybersecurity policy, specific management plan, and resources invested in the management of cybersecurity:

◎ Cyber Security Risk Management Structure

The Information Department is responsible for leading and planning the tackling of evolving external network and virus attacks. Each business-related unit shall cooperate in its implementation to ensure the effectiveness of information security management operations.

◎ Information security policy

We ensure the security of data, systems, equipment and network security in an effort to maintain the normal operations of the network information system, ensure the security of network information transmission transactions, and protect the confidentiality and integrity of computer processing data. We carry out the above operations in accordance with the "Information and Account Management Rules," "Information Equipment and Security Management Rules," and "Personal Data Protection Management Rules."

◎ Concrete management plan

1. Information and account management: To ensure the integrity, confidentiality and availability of information accounts.
2. Information service management: Information system, domain and email account application and management requirements.
3. Information equipment security control: Personnel of the Information Department conduct daily inspection of the server room and check system log records to ensure servers and network equipment are operating normally.
4. Security control of computer facilities: Access control system for computer facilities, registration for entry and exit and uninterruptible power supply systems.
5. Legal software copyright control: Installment and control of legal software authorization.
6. Computer virus prevention: Deploy anti-virus software to avoid computers from being attacked or infected by viruses.

7. Backup operations: Carry out daily and weekly backups and implement backup operations and records.
8. Disaster recovery: Draw up disaster recovery and reconstruction plans, conduct exercises, and review the results of implementation.

◎ Resources invested for cyber security management

1. The Company's information security team consists of 2 people.
2. Regularly participate in the Group's information security meetings to share the latest information security risks and information security vulnerability correction methods.
3. Anti-virus endpoint protection - to intercept endpoint threats.
4. Comprehensive spam filtering - to block spam and threat emails.
5. Implementation of information security education and training and social engineering email exercises - to enhance the awareness of employees regarding information security threats.

(II) Any loss incurred due to material cyber security events, possible impacts and countermeasures during the most recent year and as of the publication date of this annual report: None.

**VII. Important Contract:** None.

## Six. Financial Overview

### I. Condensed balance sheet and statement of comprehensive income for the most recent five years

#### (I) Condensed balance sheet and the statement of comprehensive income

##### 1. Condensed consolidated balance sheet – IFRSs

Unit: NTD thousand

Item		Year	January 1, 2024 – March 31, 2024 (Reviewed by the CPAs)	In the most recent five years				
				2023	2022	2021	2020	2019
Current assets			4,153,355	4,326,224	5,106,919	4,979,937	5,184,047	4,965,183
Property, plant and equipment (Note 1)			1,103,285	900,758	807,507	723,350	716,167	732,237
Intangible assets			24,670	24,957	18,068	14,715	15,363	17,310
Other assets			1,717,218	1,822,154	1,578,720	1,867,844	2,108,766	2,256,238
Total assets			6,998,528	7,074,093	7,511,214	7,585,846	8,024,343	7,970,968
Current liabilities	Before distribution		1,755,680	1,852,634	1,936,759	1,569,801	2,014,135	1,814,934
	After distribution		-	1,852,634 (Note2)	1,936,759	1,586,231	2,063,426	1,864,225
Non-current liabilities			453,563	451,530	509,588	569,766	616,446	700,423
Total liabilities	Before distribution		2,209,243	2,304,164	2,446,347	2,139,567	2,630,581	2,515,357
	After distribution		-	2,304,164 (Note2)	2,446,347	2,155,997	2,679,872	2,564,648
Equity attributable to the owner of the parent company			4,789,285	4,769,929	5,064,867	5,446,279	5,393,762	5,455,611
Share capital			3,302,354	3,302,554	3,302,154	3,286,054	3,286,054	3,286,054
Capital reserves			614,011	622,678	620,772	572,050	578,131	578,131
Retained earnings	Before distribution		1,008,238	1,015,735	1,341,374	1,710,329	1,717,468	1,717,928
	After distribution		-	1,015,735 (Note2)	1,341,374	1,693,899	1,668,177	1,668,637
Other equity			(133,892)	(169,612)	(199,433)	(122,154)	(187,891)	(126,502)
Treasury stocks			(1,426)	(1,426)	-	-	-	-
Total equity	Before distribution		4,789,285	4,769,929	5,064,867	5,446,279	5,393,762	5,455,611
	After distribution		-	4,769,929 (Note2)	5,064,867	5,429,849	5,344,471	5,406,320

Note 1: The Company did not conduct the revaluation of assets each year.

Note 2: The distribution in 2023 was to be submitted to the shareholders' meetings in 2024 after it was resolved at the board meeting held on May 10, 2024.

## 2. Condensed separate balance sheet – IFRSs

Unit: NTD thousand

Item \ Year		In the most recent five years				
		2023	2022	2021	2020	2019
Current assets		3,335,821	4,312,925	4,061,540	4,012,467	3,788,180
Property, plant and equipment (Note 1)		565,703	601,458	611,160	631,018	661,956
Intangible assets		8,666	1,739	-	126	1,352
Other assets		2,297,739	2,128,169	2,352,777	2,740,376	2,988,430
Total assets		6,207,929	7,044,291	7,025,477	7,383,987	7,439,918
Current liabilities	Before distribution	1,215,712	1,740,102	1,313,537	1,674,114	1,619,105
	After distribution (Note2)	1,215,712	1,740,102	1,362,828	1,723,405	1,668,396
Non-current liabilities		222,288	239,322	265,661	316,111	365,202
Total liabilities	Before distribution	1,438,000	1,979,424	1,579,198	1,990,225	1,984,307
	After distribution (Note2)	1,438,000	1,979,424	1,595,628	2,039,516	2,033,598
Equity attributable to the owner of the parent company		4,769,929	5,064,867	5,446,279	5,393,762	5,455,611
Share capital		3,302,554	3,302,154	3,286,054	3,286,054	3,286,054
Capital reserves		622,678	620,772	572,050	578,131	578,131
Retained earnings	Before distribution	1,015,735	1,341,374	1,710,329	1,717,468	1,717,928
	After distribution (Note2)	1,015,735	1,341,374	1,693,899	1,668,177	1,668,637
Other equity		(169,612)	(199,433)	(122,154)	(187,891)	(126,502)
Treasury stocks		(1,426)	-	-	-	-
Total equity	Before distribution	4,769,929	5,446,279	5,393,762	5,455,611	5,576,309
	After distribution (Note2)	4,769,929	5,064,867	5,429,849	5,344,471	5,406,320

Note 1: There is no revaluation of assets in each year.

Note 2: The distribution in 2023 was to be submitted to the shareholders' meetings in 2024 after it was resolved at the board meeting held on May 10, 2024.

### 3. Condensed consolidated income statement – IFRSs

Unit: NTD thousand

Item	Year January 1, 2024 – March 31, 2024 (Reviewed by the CPAs)	In the most recent five years				
		2023	2022	2021	2020	2019
Operating revenue	659,075	3,805,342	5,753,342	3,946,796	4,834,151	5,707,963
Operating gross profit	(1,057)	9,942	286,859	109,261	371,735	465,203
Operating profit and loss	(125,340)	(466,557)	(212,921)	(280,451)	(25,482)	34,156
Non-operating revenue and expenses	121,191	101,266	(193,717)	288,062	44,306	31,163
Profit before tax	(4,149)	(365,291)	(406,638)	7,611	18,824	65,319
Net profit of continuing operations for the year	(1,601)	(316,830)	(366,674)	24,393	23,575	51,352
Loss of discontinued operations	-	-	-	-	-	-
Net profit (loss) for the year	(1,601)	(316,830)	(366,674)	24,393	23,575	51,352
Other comprehensive income for the year (after-tax income)	26,624	(1,886)	(26,089)	83,496	(36,133)	(40,608)
Total comprehensive income for the year	25,023	(318,716)	(392,763)	107,889	(12,558)	10,744
Net profit attributable to the owner of parent company	(1,601)	(316,830)	(366,674)	24,393	23,575	51,352
Net profit attributable to non-controlling equity	-	-	-	-	-	-
Total comprehensive income attributable to the owner of the parent company	25,023	(318,716)	(392,763)	107,889	(12,558)	10,744
Total comprehensive income attributable to non-controlling equity	-	-	-	-	-	-
Earnings per share	(0.00)	(0.97)	(1.12)	0.07	0.07	0.16

#### 4. Condensed separate income statement – IFRSs

Unit: NTD thousand

Item \ Year	In the most recent five years				
	2023	2022	2021	2020	2019
Operating revenue	3,800,028	5,737,047	3,927,997	4,820,615	5,699,629
Operating gross profit	180,663	193,092	213,009	468,935	453,459
Operating profit and loss	(217,820)	(169,636)	(105,035)	138,839	97,323
Non-operating revenue and expenses	(151,303)	(258,763)	106,363	(124,471)	(30,822)
Profit before tax	(369,123)	(428,399)	1,328	14,368	66,501
Net profit of continuing operations for the year	(316,830)	(366,674)	24,393	23,575	51,352
Loss of discontinued operations	-	-	-	-	-
Net profit (loss) for the year	(316,830)	(366,674)	24,393	23,575	51,352
Other comprehensive income for the year (after-tax income)	(1,886)	(26,089)	83,496	(36,133)	(40,608)
Total comprehensive income for the year	(318,716)	(392,763)	107,889	(12,558)	10,744
Earnings per share	(0.97)	(1.12)	0.07	0.07	0.16



(II) Names of the CPAs and their audit opinions in the most recent five years

Year	Name of CPA firm	Names of CPAs	Audit opinion
2019	PricewaterhouseCoopers Taiwan	Yung-Chien Hsu 、 Min-Chuan Feng	Unqualified opinion
2020	PricewaterhouseCoopers Taiwan	Yung-Chien Hsu 、 Min-Chuan Feng	Unqualified opinion
2021	PricewaterhouseCoopers Taiwan	Min-Chuan Feng 、 Yung-Chien Hsu	Unqualified opinion
2022	PricewaterhouseCoopers Taiwan	Min-Chuan Feng 、 Yung-Chien Hsu	Unqualified opinion
2023	PricewaterhouseCoopers Taiwan	Min-Chuan Feng 、 Yung-Chien Hsu	Unqualified opinion

Reason for replacement of CPAs in the most recent 5 years:

Due to the auditor rotation of PricewaterhouseCoopers Taiwan, the CPAs were replaced.

## II. Financial analysis in the most recent five years

### (I) Financial analysis of consolidated statements – IFRSs were adopted

Analysis item		Year	Financial analysis in the most recent five years				
		January 1, 2024 – March 31, 2024 (Reviewed by the CPAs)	2023	2022	2021	2020	2019
Financial structure %	Ratio of liabilities to assets	31.57	32.57	32.57	28.20	32.78	31.56
	Ratio of long-term funds to property, plants, and equipment	475.20	529.55	690.33	831.69	839.22	840.72
Solvency %	Current ratio	236.57	233.52	263.68	317.23	257.38	273.57
	Quick ratio	185.74	185.94	204.39	282.50	231.60	238.16
	Times interest earned	0.61	(10.46)	(9.86)	1.35	1.76	5.28
Operating ability	Receivables turnover ratio (times)	3.39	2.59	3.81	3.31	3.43	2.81
	Average collection days	108	141	96	110	106	130
	Inventory turnover ratio (times)	2.98	3.74	6.46	7.21	7.68	6.35
	Payables turnover ratio (times)		3.94	6.36	4.34	4.91	4.72
	Average sales days	122	98	57	51	48	57
	PPE turnover ratio (times)	2.63	4.46	7.52	5.48	6.68	7.86
	Total asset turnover ratio (times)	0.37	0.52	0.76	0.51	0.60	0.73
Profitability	Return on assets (%)	0.10	(3.99)	(4.46)	0.54	0.54	0.81
	Return on equity (%)	(0.03)	(6.44)	(6.98)	0.45	0.43	0.93
	Ratio of profit before tax to paid-in capital (%)	(0.13)	(11.06)	(12.31)	0.23	0.57	1.99
	Net profit margin (%)	(0.24)	(8.33)	(6.37)	0.62	0.49	0.9
	Earnings per share (NTD)	(0.00)	(0.97)	(1.12)	0.07	0.07	0.16
Cash flow	Cash flow ratio (%)	-	41.22	-	-	17.43	63.99
	Cash flow adequacy ratio (%)	-	85.16	19.49	83.48	-	61.53
	Cash reinvestment ratio (%)	-	15.21	-	-	5.05	19.17
Leverage	Operating leverage	-	-	-	-	-	4.32
	Financial leverage	-	-	-	-	-	1.81

The Company describes the reason for changes in financial ratios in the most recent two years: (if the change in increase/decrease is less than 20%, analysis may be exempted)

1. Ratio of long-term funds to property, plants, and equipment: The ratio decreased due to the decrease in net shareholders' equity due to after-tax losses for the period.
2. Operating ability: Due to the decrease in revenue and costs in the current period, the turnover rate of operating capacity decreased and the number of days increased.
3. Net profit margin (%): Due to the decrease in revenue in the current period, the net profit margin decreased.
4. Cash flow: Due to the increase in cash flow from operating activities in the current period.

## (II) Financial analysis of separate statements – IFRSs were adopted

Analysis item \ Year		Financial analysis in the most recent five years				
		2023	2022	2021	2020	2019
Financial structure %	Ratio of liabilities to assets	23.16	28.10	22.48	26.95	26.67
	Ratio of long-term funds to property, plants, and equipment	882.48	881.89	934.61	904.87	879.34
Solvency %	Current ratio	274.39	247.85	309.21	239.68	233.97
	Quick ratio	262.21	242.01	301.20	238.00	228.09
	Times interest earned	(40.45)	(16.93)	1.17	2.48	15.69
Operating ability	Receivables turnover ratio (times)	2.58	3.81	3.32	3.44	2.82
	Average collection days	141	96	110	106	129
	Inventory turnover ratio (times)	28.98	53.6	55.73	70.58	9.55
	Payables turnover ratio (times)	3.90	7.04	5.15	5.70	4.94
	Average sales days	13	7	7	5	38
	PPE turnover ratio (times)	6.51	9.46	6.32	7.46	8.46
	Total asset turnover ratio (times)	0.57	0.82	0.55	0.65	0.75
Profitability	Return on assets (%)	(4.67)	(4.94)	0.43	0.42	0.73
	Return on equity (%)	(6.44)	(6.98)	0.45	0.43	0.93
	Ratio of profit before tax to paid-in capital (%)	(11.18)	(12.97)	0.04	0.44	2.02
	Net profit margin (%)	(8.34)	(6.39)	0.62	0.49	0.90
	Earnings per share (NTD)	(0.97)	(1.12)	0.07	0.07	0.16
Cash flow	Cash flow ratio (%)	106.48	-	-	21.85	81.70
	Cash flow adequacy ratio (%)	339.42	59.97	94.12	-	62.13
	Cash reinvestment ratio (%)	23.21	-	-	3.99	21.80
Leverage	Operating leverage	-	-	-	3.47	2.15
	Financial leverage	-	-	-	1.08	1.05

The Company describes the reason for changes in financial ratios in the most recent two years: (if the change in increase/decrease is less than 20%, analysis may be exempted)

1. Times interest earned: This is due to the decrease in interest expenses for this period compared with last year.
2. Operating ability: Due to the decrease in revenue and costs in the current period, the turnover rate of operating capacity decreased and the number of days increased.
3. Net profit margin (%): Due to the decrease in revenue in the current period, the net profit margin decreased.
4. Cash flow: Due to the increase in cash flow from operating activities in the current period.

The calculation is listed as follows:

1. Financial structure
  - (1) Ratio of liabilities to assets = Total liabilities / total assets.
  - (2) Ratio of long-term funds to property, plants, and equipment = (Total equity + non-current liabilities) / net property, plants, and equipment.
2. Solvency
  - (1) Current ratio = Current assets / current liabilities.
  - (2) Quick ratio = (Current assets - inventory - prepayment) / current liabilities.
  - (3) Times interest earned = Net profit before income tax and interest expenses/ interest expenses for the year.
3. Operating ability
  - (1) Receivables (including accounts receivable and notes receivable from operations) turnover ratio = Net sales / average of accounts receivable (including accounts receivable and notes receivable from operation) balance.
  - (2) Average collection days = 365 / receivables turnover ratio.
  - (3) Inventory turnover ratio = Cost of sales / average inventory.
  - (4) Payables (including accounts payable and notes payable from operation) turnover ratio = Cost of sales / average of accounts payable (including accounts payable and notes payable from operation) balance.
  - (5) Average sales days = 365 / inventory turnover ratio.
  - (6) Property, plant and equipment turnover ratio = Net sales / average net property, plant and equipment.
  - (7) Total asset turnover ratio = Net sales / average total assets.
4. Profitability
  - (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
  - (2) Return on equity = Profit and loss after tax / average total equity.
  - (3) Net profit margin = Profit and loss after tax / net sales.
  - (4) EPS = (Profit and loss attributable to the owner of parent company - dividends from preferred shares) / weighted average number of outstanding shares. (Note 4)
5. Cash flow
  - (1) Cash flow rate = Net cash flow from operating activities / current liabilities.
  - (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent 5 years / (capital expenditure + increase in inventory + cash dividends) in the most recent 5 years.
  - (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross of property, plant and equipment + long-term investment + other non-current assets + operating funds). (Note 5)
6. Leverage:
  - (1) Operating leverage = (Net operating revenue - variable costs and expenses of operations) / operating profit (Note 6).
  - (2) Financial leverage = Operating profit/ (operating profit- interest expenses).

**III. Audit Committee's review report on the financial statements in the most recent year:**

Please refer to pages 138–139 of this annual report.

**IV. Financial statements in the most recent year:** Please refer to pages 140–202 of this annual report.

**V. Separate financial statements in the most recent year audited and certified by the**

**CPAs:** Please refer to pages 203–272 of this annual report.

**VI. Any financial difficulties of the Company or any of its affiliates in the most recent year up to the publication date of this annual report:** None for the Company and the affiliates.

## Seven. Review and Analysis of Financial Position and Financial Performance and Risk Matters

### I. Financial position

Unit: NT\$ thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	4,326,224	5,106,919	(780,695)	(15.29)
Property, plant and equipment	900,758	807,507	93,251	11.55
Intangible assets	24,957	18,068	6,889	38.13
Other assets	1,822,154	1,578,720	243,434	(15.42)
Total assets	7,074,093	7,511,214	(437,121)	(5.82)
Current liabilities	1,852,634	1,936,759	(84,125)	(4.34)
Non-current liabilities	451,530	509,588	(58,058)	(11.39)
Total liabilities	2,304,164	2,446,347	(142,183)	(5.81)
Share capital	3,302,554	3,302,154	400	0.01
Capital reserves	622,678	620,772	1,906	0.31
Retained earnings	1,015,735	1,341,374	(325,639)	(24.28)
Other equity	(169,612)	(199,433)	29,821	14.95
treasury stocks	(1,426)	-	1,426	100.00
Non-controlling equity	-	-	-	-
Total equity	4,769,929	5,064,867	(294,938)	(5.82)
Analysis of main reason, impact and future correlative plans regarding changes from one period to the next reaches above 20% and the amount of variance reaches NTD 10,000,000. The description is as follows:				
Retained earnings: Mainly due to the loss of 316,830 thousand yuan in 2023, the amount of retained earnings in the current period decreased significantly.				

### II. Financial performance

Unit: NT\$ thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Operating revenue	3,805,393	5,753,342	(1,947,949)	(33.86)
Operating cost	3,795,451	5,466,483	(1,671,032)	(30.57)
Operating gross profit	9,942	286,859	(276,917)	(96.53)
Operating expense	476,499	499,780	(23,281)	(4.66)
Operating profit	(466,557)	(212,921)	(253,636)	(119.12)
Non-operating revenue and expenses	101,266	(193,717)	294,983	152.28
Profit before tax	(365,291)	(406,638)	41,347	10.17
Income tax expense	(48,461)	(39,964)	(8,497)	(21.26)
Current net profit	(316,830)	(366,674)	49,844	13.59
Other comprehensive income (after tax) for the year	(1,886)	(26,089)	24,203	92.77
Total comprehensive income for the year	(318,716)	(392,763)	74,047	18.85
Net profit attributable to the owner of the parent company	(316,830)	(366,674)	49,844	13.59
Total comprehensive income attributable to the owner of the parent company	(318,716)	(392,763)	74,047	18.85

Analysis and description regarding changes in increase/decrease reaching 20% and the amount of variance reaching NTD 10,000,000:

1. Decrease in operating income, operating costs, operating gross profit and operating interests: Mainly due to the decrease in customer demand, which resulted in a relative decrease in operating income, costs, gross profits and operating interests.
2. Increase in non-operating income and expenses: mainly due to the disposal of Taiyang stock interests in this

period.
3. Decrease in income tax expenses: Mainly due to the reversal of deferred income tax liabilities in the current period.
4. The increase in other comprehensive gains and losses (net after tax) for the current period is mainly due to the decrease in unrealized evaluation losses on equity instrument investments measured at fair value through other comprehensive gains and losses.

### III. Cash flow

#### (I) Cash flows for the year

Unit: NT\$ thousand

Cash balance at beginning of period	Annual net cash flow from operating activities	Annual net cash flows from investing and financing activities	Foreign exchange rate effect	Cash surplus (deficit)	Corrective measures against cash deficit	
					Investment plan	Financing Plan
1,355,849	763,717	(634,728)	17,745	1,502,583	None	

#### (II) Analysis of changes in cash flow of the current year

Unit: NT\$ thousand

Item \ Year	2023	2022	Difference	
			Amount	Description
Operating activities	763,717	(1,068,032)	1,831,749	Mainly due to the decrease in inventory and accounts receivable in the current period.
Investing activities	(688,434)	463,731	(1,152,165)	Mainly due to the acquisition of real estate, plants and equipment and right-of-use assets in this period.
Financing activities	53,706	(223,829)	277,535	Mainly due to the increase in borrowings in the current period.
Foreign exchange rate effect	17,745	13,654	4,091	Mainly due to the impact of exchange rate changes.
Net cash flows	146,734	(814,476)	761,210	

#### (III) Analysis of the liquidity of cash for the coming year

Unit: NT\$ thousand

Cash balance at beginning of period	Annual net cash flow from operating activities	Annual net cash flows from investing and financing activities	Cash surplus (deficit)	Corrective measures against cash deficit	
				Investment plan	Financing Plan
1,502,583	56,000	(1,280,000)	278,583	None	

**IV. Impacts of material capital expenditure in the most recent year on the financial and business status:** On the basis of the consolidated statement, the company and its subsidiaries purchased approximately NT\$215,215,000 of real estate, plants and equipment in 2012, accounting for approximately 5.66% of net sales, and had no significant impact on the company's financial business.

**V. The main reasons for the gains or losses of investments in the most recent year, the improvement plan and the investment plans for the next year**

- (I) Investment policy: The company mainly makes strategic investments in business entities related to the extension of the company's business in order to improve the efficiency of manufacturing and production and expand the scope of sales.
- (II) Main reasons for the gains or losses and improvement plans: The losses of the subsidiaries in this period are mainly caused by the losses of the manufacturer HON YAO FU TECHNOLOGY COMPANY LIMITED. They will win orders from old customers and develop new customers so that revenue can grow steadily.
- (III) Investment plans for the coming year: Expansion of the Vietnam production base .

**VI. Analysis and assessment of risk matters**

- (I) Impacts of interest rate and exchange rate changes and inflation in the most recent year on the income of the Company, and future countermeasures:
  - 1. Impacts of interest rate changes: Due to the low ratio (less than 1%) of interest income and expenses to the Company's turnover, even though our interest income has decreased as a result of decreasing interest rates in recent years, it barely affected the Company's income. In addition to investment of required funds into the expansion of our business and retaining sufficient working funds, the Company will invest residual NT Dollar funds mainly into conservative investments, such as fixed deposits and bond funds.
  - 2. Exchange rate changes: In response to the impacts from changes in exchange rates, the Company determined an optimal hedge ratio according to the current exchange rate trend and selected simple hedging instruments mainly for hedging purposes, such as forward foreign exchange contracts or option transactions to reduce losses incurred due to the exchange rates and minimize the impacts on the profit or loss.
  - 3. Inflation: Since the Company has made proper adjustments in customers' quoted price based on market conditions, allowing us to grasp the fluctuations of the market price, the inflation barely affected the Company.
- (II) Policies regarding high-risk, high-leverage investments, loaning of funds to others, endorsement/guarantees as well as derivatives trading, main reasons for gains or losses, and future countermeasures:
  - 1. High-risk investments: None.
  - 2. High-leverage investments: None.
  - 3. Loans to others: None.
  - 4. Endorsement/guarantees: Guarantees for customs duties only.
  - 5. Trading of financial derivatives: The Company and the affiliates engaged in trading of financial derivatives only for hedging exchange rate risks in foreign currency liabilities.
- (III) Future R&D plans and further expenditures expected for R&D:
  - 1. The Company expects to research and develop the following plans in recent years:
    - (1) DOCSIS 3.1 Cable Modem
    - (2) 802.11/Ax Wireless Network Card Series
    - (3) Remote Wireless Communication Bridge
    - (4) Cloud Service



- (5) APPs
- (6) WIFI Mesh Router
- (7) SDWAN vCPE
- (8) IoT Module and IoT Applications
- (9) 5G FWA Router
- (10) Smart AI STB

2. Expected investment for R&D: The Company expected to further invest an estimated 11% of the turnover in our R&D.

(IV) Financial impacts and responsive measures in the event of changes in local and foreign important policies and regulations:

The domestic and overseas important policies and changes in laws in the most recent year did not cause any significant impact on the Company's finance and business. The Company has kept on tracking the government policies and laws of locations in which our business sites are located and paying attention to the direction of the government policies or legislation. Each division has dedicated personnel to perform such works and report to the officer any impact of new policies or new regulations on the Company's operation. In addition, the Company also aligned the operational orientation and goals with the public policies established by the government to ensure smooth operation for the Company.

(V) Impacts of technology changes on the Company's finance and business, and countermeasures thereof: Please refer to the descriptions in I 、II and VI of Five. Overview of Operation.

(VI) Impacts from changes in corporate image on the Company's crisis management, and countermeasures thereof: The Company has appointed dedicated personnel to formulate relevant plans and countermeasures, and therefore, we could minimize uncertain business risks.

(VII) Expected benefits and potential risks of any merger or acquisition: None.

(VIII) Expected benefits and potential risks of any plant expansion: None.

(IX) Risks of concentrated sales or purchases:

- 1. Purchase: More than 10% of the suppliers from which the Company purchased products were designated by our customers, and such suppliers are internationally known brands with stable supply. Therefore, there were no significant risks to the Company's purchases.
- 2. Sale: CyberTAN will take consideration based on global customer development. Even though our shipment to North America has not been available so far, we have continually shipped our products to Europe, Asia and China. Therefore, our shipment is expected to grow increasingly in the future.

(X) Impacts and risks to the Company with regard to any major transfer or change of equities by directors, supervisors, or major shareholders holding more than 10% of the Company's shares: None.

(XI) Impacts and risks to the Company with regard to any change in management rights: None for the Company.

(XII) In case of any litigious and non-litigious matters, material litigious, non-litigious or administrative disputes that involve the Company and/or any director, supervisor, the President, de facto responsible person, major shareholder holding a stake of more than 10% of the Company or subordinate company thereof, and that were finalized or remained pending, shall be listed; if these disputes may eventually cause a substantial impact on shareholders' equity or the price of securities, the nature of the disputes, the amount involved, the date on which the litigation first started, the main parties involved and the progress as of the publication of this annual report shall be disclosed: None for the Company.

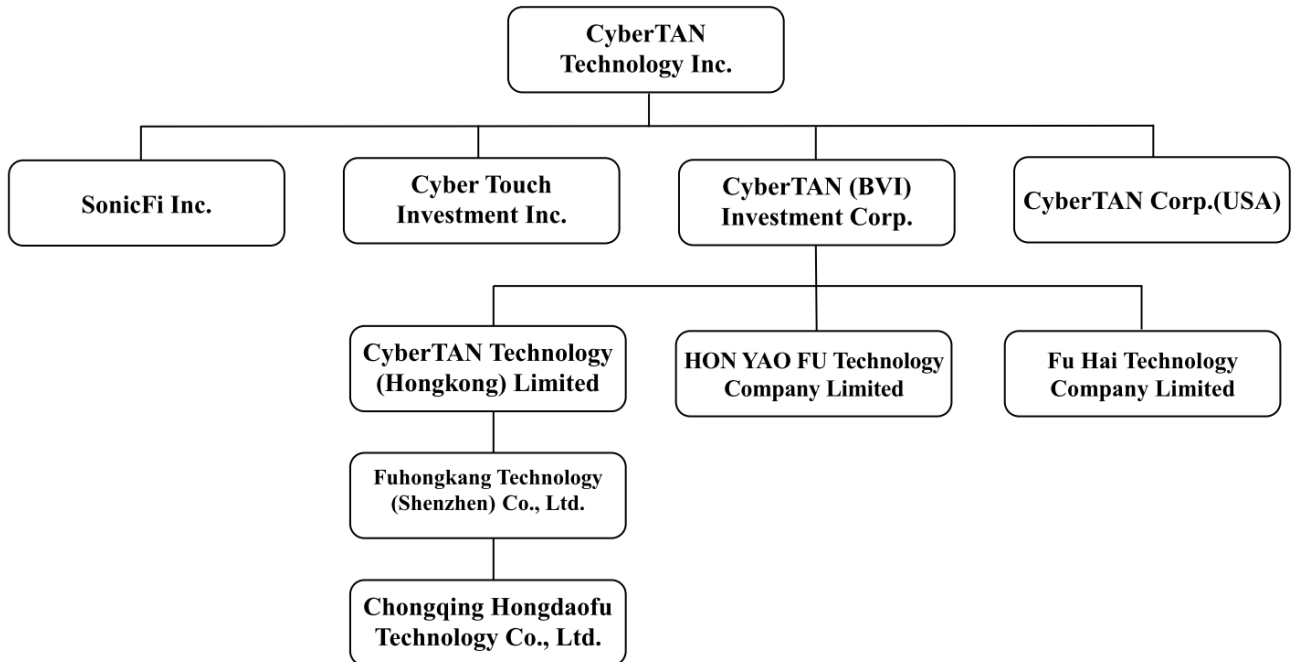
(XIII) Other important risks: None.

**VII. Other important matters:** None.

## **Eight. Special Items**

### **I. Information on affiliates**

(I) Organizational chart of affiliates (Such affiliates were the companies 100% owned by the Company.)



(II) Names, establishment dates, addresses, paid-in capital and main businesses of affiliates

March 31, 2024

Name of enterprise	Establishment date	Address	Paid-in capital Unit: NTD thousand	Main business or production line
CyberTAN Corp.(USA)	2000.06	20 Maxwell Irvine, California 92618	USD 600	Sales of wired and wireless communication equipment
Cyber Touch Investment Inc.	2004.03	7F., No. 101, Sec. 5, Roosevelt Rd., Taipei City	NTD 100,000	General investment business
SonicFi Inc.	2023.11	1F, No. 222, Shijie Road, Hsinchu City	NTD 5,000	Sales company
CyberTAN (BVI) Investment Corp.	2009.01	P.O.Box850Offshore Incorporations Centre,The Valley,Anguilla,British West Indies,	USD 22,044	General investment business
CyberTAN Technology (Hongkong) Limited	2008.08	Suites 2205-6,Island Place Tower.510 King's Road,North Point,HK.	USD 6,344	General investment business
Fuhongkang Technology (Shenzhen) Co., Ltd.	2009.03 (acquired)	No. 2, Donghuan 2nd Road, No.10Yousong Industrial Zone, Longhua Road, Baoan District, Shenzhen City	CNY 34,971	Development, manufacturing and sale of high-end routers
Chongqing Hongdaofu Technology Co., Ltd.	2011.05	No 1., East District 1st Road, Shapingba District, Chongqing City	CNY 53,500	Development, manufacturing and sale of high-end routers

HON YAO FU TECHNOLOGY COMPANY LIMITED	2019.01	Dai Dong – Hoan Son Industrial Zone, Dai Dong Commune, Tien Du Town, Bac Ninh province, Vietnam	VND 207,000,000	Development, manufacturing and sale of high-end routers
FU HAI Technology Company Limited	2023.06	Mot phan Lo CN-03, KCN Hoa Phu, Xa Mai Dinh, Huyen Hiep Hoa, Tinh Bac Viet Nam	USD15,000	Development, manufacturing and sale of high-end routers

Note: The company acquired the company at a premium in 1998

(III) Information on any controlling and subordinate relation whose existence is concluded: None.

(IV) Industries covered by overall businesses operated by the affiliates, and explanation of contacts and cooperative works among such affiliates if their businesses are mutually correlated: The main industry covered by the overall businesses of the Company and the affiliates is “manufacturing of network equipment.” Generally, the affiliates have provided technical, production capacity, marketing and service support to each other to maximize the synergy, which enables the Company to continuously provide the best service for customers around the world and reinforce our leading position in the market.

(V) Names of the directors, supervisors and presidents of affiliates and their shareholding and investment in the affiliates

Unit: NT\$ thousand; March 31, 2024

Name of enterprise	Title	Name or Representative(s)	Shareholding or investment amount	
			Investment amount	Shareholding ratio
CyberTAN Corp. (USA)	President Secretary CFO	President: CyberTAN Technology Inc. Representative: Gwong-Yih Lee Secretary: CyberTAN Technology Inc. Representative: Deaxy Wang CFO: CyberTAN Technology Inc. Representative: Cindy Wu	0	0%
Cyber Touch Investment Inc.	Chairman Director Supervisor	Chairman: CyberTAN Technology Inc. Representative: Gwong-Yih Lee Director: CyberTAN Technology Inc. Representative: Sam Huang 、 Even Lee Supervisor: CyberTAN Technology Inc. Representative: Deaxy Wang	0	0%
SonicFi Inc.	Chairman Director Supervisor	Chairman: CyberTAN Technology Inc. Representative: Jeffrey Liu Supervisor: CyberTAN Technology Inc. Representative: Kevin Ko	0	0%
CyberTAN (BVI) Investment Corp.	Chairman	CyberTAN Technology Inc. Representative: Gwong-Yih Lee	0	0%
CyberTAN Technology (Hongkong) Limited	Chairman	CyberTAN (BVI) Investment Corp. Representative: Gwong-Yih Lee	0	0%

Fuhongkang Technology (Shenzhen) Co., Ltd.	Chairman Director Supervisor	Chairman: CyberTAN Technology (HK) Limited Representative: Maxon Huang  Director: CyberTAN Technology (HK) Limited Representative: Dean Wang 、 Ken Kan Supervisor: CyberTAN Technology (HK) Limited Representative: Deaxy Wang	0	0%
Chongqing Hongdaofu Technology Co., Ltd.	Chairman Director Supervisor	Chairman: Fuhongkang Technology (Shenzhen) Co., Ltd. Representative: Hank Hsieh Director: Fuhongkang Technology (Shenzhen) Co., Ltd. Representative: Dean Wang 、 Ken Kan Supervisor : Fuhongkang Technology (Shenzhen) Co., Ltd. Representative: Deaxy Wang	0	0%
HON YAO FU TECHNOLOGY COMPANY LIMITED	Chairman	CyberTAN (BVI) Investment Corp. Representative: Hank Hsieh	0	0%
FU HAI Technology Company Limited	Chairman	CyberTAN (BVI) Investment Corp. Representative: Hank Hsieh	0	0%

(VI) Financial position and operating result of affiliates:

Unit: NTD thousand (except for EPS); December 31, 2023

Name of enterprise	Capital	Total value of assets	Total value of liabilities	Net value	Operating revenue	Operating profit	Profit and loss for the year (after tax)	Earnings per share (NTD)
CyberTAN Corp.(USA)	18,165	47,498	(2,923)	50,421	24,273	(1,269)	(1,828)	-
Cyber Touch Investment Inc.	100,000	209,608	123	209,485	-	(171)	(645)	(0.06)
SonicFi Inc.	5,000	5,003	-	5,003	-	-	3	-
CyberTAN Technology (Hongkong) Limited	704,190	411,056	8,140	402,916	-	-	(245,509)	-
CyberTAN (BVI) Investment Corp.	211,072	113,655	-	113,655	-	-	(26,941)	-

Fuhongkang Technology (Shenzhen) Co., Ltd.	168,188	98,975	1,611	97,364	-	(20)	(26,941)	-
Chongqing Hongdaofu Technology Co., Ltd.	257,298	33,288	219,610	(186,322)	918	(32,077)	(32,529)	-
HON YAO FU TECHNOLOGY COMPANY LIMITED	277,119	1,682,887	1,682,266	621	2,726,131	(211,631)	9217,969)	-
FU HAI Technology Company Limited	277,405	282,768	5,870	276,898	-	-	561	-

(VII) Consolidated financial statements of affiliated companies: Please refer to pages 140–202 of this annual report.

**II. Private placement of securities in the most recent year up to the publication date of this annual report:** None.

**III. Holding or disposal of the Company's shares by its subsidiaries in the most recent year up to the publication date of this annual report:** None.

**IV. Other necessary supplementary information :** None.

#### **Nine. Events Materially Affecting Shareholders' Equity or the Price of Securities**

Any events materially affecting shareholders' equity or the price of securities as defined in Sub-Paragraph 2, Paragraph 3, Article 36 of the Act in the most recent year up to the publication date of this annual report: None.

# CyberTAN Technology Inc.’s Declaration of Internal Control System

Date: March 11, 2024

The following declaration are made based on the 2023 self-assessment of the Company’s internal control system:

- I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Board of the Directors and managers. Such system has been established to provide reasonable assurance for achievement of the objectives concerning the effectiveness and efficiency of operations (including profits, performance and protection of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
- II. Any internal control system has its inherent limitations. No matter how well an internal control system is designed, it can only provide reasonable assurance for the achievement of the above three objectives. Moreover, the effectiveness of an internal control system may vary as a result of changes in the environment and circumstances. However, our internal control system has a self-monitoring mechanism, and we take corrective actions immediately once a nonconformity is identified.
- III. The Company has assessed the effectiveness of its internal control policy design and implementation in accordance with the criteria determining the effectiveness of the internal control policies provided in the “Regulations Governing the Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “the Regulations”). The determination criteria of the internal control policies adopted in “the Regulations” consist of five major elements depending on the management control process: 1. Environment control, 2. Risk assessment, 3. Control operations, 4. Information and communication, 5. Supervision. Each element contains a number of items. Please refer to “the Regulations” for more details.
- IV. The Company has adopted the aforementioned criteria to assess the effectiveness of its internal control system design and execution.
- V. Based on the result of the preceding assessment, the Company finally determined the effectiveness of the design and implementation of our internal control policy as of December 31, 2022 (including the supervision and management of subsidiaries) regarding the awareness of business results and target accomplishments, the reliability, promptness, and transparency of reports and compliance with relevant laws and regulations. This policy provided reasonable assurance that the above objectives have been achieved.
- VI. This declaration constitutes the main part of the Company’s annual reports and prospectuses, and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above is subject to the legal responsibilities specified in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This declaration was approved at the Company’s Board of Directors meeting held on March 11, 2024. The six attending directors unanimously agreed the contents of the declaration.

CyberTAN Technology Inc.

Chairman: Gwong-Yih Lee

(Signature and Seals)

President: Gwong-Yih Lee

(Signature and Seals)

## **Audit Committee's Review Report**

The 2023 financial statements (including separate and consolidated financial statements) of the Company prepared by the Board of Directors have been audited by the CPAs Min-Chuan Feng and Yung-Chien Hsu of PwC Taiwan, and an independent audit report has been issued. This report has been reviewed by the Audit Committee and no nonconformities were found. We hereby issue the above report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please approve.

To

**CyberTAN Technology Inc.**  
2024 Annual Meeting of Shareholders

Audit Committee Convener: Hung-Hsun Ting

March 11, 2024

## **Audit Committee's Review Report**

The 2023 financial statements (including separate and consolidated financial statements) of the Company prepared by the Board of Directors and the proposal for deficit compensation, have been reviewed by the Audit Committee and no nonconformities were found. We hereby issue the above report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please approve.

To

**CyberTAN Technology Inc.**  
2024 Annual Meeting of Shareholders

Audit Committee Convener: Hung-Hsun Ting

May 10, 2024



## Independent Auditors' Report

(2024) Cai-Shen-Bao-Zi No.23005098

To CyberTAN Technology Inc.:

### **Audit opinion**

We have audited the consolidated balance sheet of CyberTAN Technology Inc. and the subsidiaries (hereinafter referred to as the “CyberTAN Group”) as of December 31, 2023 and 2022 and the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and the notes to the consolidated financial statements. (including the summary of the material accounting policies) for periods of January 1 to December 31, 2023 and 2022.

In our opinion, the major issues of said consolidated financial statements appear to have been duly worked out in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers, International Financial Reporting Standards (IFRS), Regulations and IAS, Interpretations and Interpretation Gazettes recognized and effective upon promulgation by the Financial Supervisory Commission. The financial statements present fairly the consolidated financial position of CyberTAN Group as of December 31, 2023 and 2022, and the consolidated results of financial performance and consolidated cash flow for the periods starting from January 1 till 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 Consolidated 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 Group 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 consolidated financial statements of CyberTAN Group. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

The key audit matters of the 2023 consolidated financial statements of CyberTAN Group 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(14) to the consolidated financial report; for the uncertainty to accounting estimates and assumptions, please refer to Note 5(2) to the consolidated financial report; for description of inventory accounting titles, please refer to Note 6(6) to the consolidated financial report. The balances of valuation loss regarding the inventory and allowance for inventory on December 31, 2023 were NTD 975,457 thousand and NTD 93,967 thousand, respectively.

CyberTAN Group is involved in the manufacturing and sale of communication products. 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 Group 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 Group 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 Group 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 Group 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(11) to the consolidated 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 consolidated financial report; for description of accounts receivable accounting titles, please refer to Note 6(5) to the consolidated financial report. The balances of accounts receivable (including the related party) and its allowance loss on December 31, 2023 were NTD 973,225 thousand and NTD 7,476 thousand, respectively.

CyberTAN Group regularly assesses if 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 loss ratio based on past aging data statement 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 Group'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 part of the companies invested under equity method in the aforementioned consolidated financial statements of CyberTAN Group, 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 the said financial statements of the companies were based on the other independent auditor's report. The total assets (including investment under the equity method) of the companies was NTD 13,677 thousand and NTD 18,444 thousand on December 31, 2023 and 2022, accounting for 0% and 0% of the total consolidated assets, respectively. The operating revenue from January 1 to December 31, 2023 and 2022 was NTD 0 and NTD 0, accounting for 0% and 0% of the total net consolidated operating revenue.

### **Other matters – Parent company only financial statement**

CyberTAN Group had duly worked out the 2023 and 2022 parent company only financial statement for which we, the Undersigned Certified Public Accountant, have duly worked out standard type, Audit Report with unqualified (unreserved) opinion for reference.

### **Responsibilities of Management and the Governance Unit with Governance of the Consolidated Financial Statements**

The responsibility of management is to ensure that the consolidated financial statements are presented fairly, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission. Additionally, management must maintain the necessary internal controls related to the consolidated financial statements to ensure that the consolidated financial statements are free of any material misstatement arising from fraud or error.

In preparing the consolidated financial statements, management is also responsible for assessing the ability of CyberTAN Group 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 Group 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 Group is responsible for supervising the financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that any audit conducted in accordance with the ROC auditing standards will always detect a material misstatement in the consolidated 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 consolidated 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 consolidated 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 this knowledge is not to express opinions on the effectiveness of the internal control mechanism of the CyberTAN Group.
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 Group 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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of individual companies within the Group in order to express an opinion on the consolidated financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the Group, and also for forming an opinion on the audit of the Group.

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 consolidated financial statements of CyberTAN Group. 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.

Pricewaterhouse Coopers 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

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The accompanying consolidated 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 consolidated financial statements and report of independent accountants 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. and the subsidiaries  
Consolidated Balance Sheet  
December 31, 2023 and 2022

Unit: NTD thousand

Assets			December 31, 2023		December 31, 2022			
			Amount	%	Amount	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	1,502,583	21	\$	1,355,849	18
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(4) and 8		904,551	13		550,441	7
1170	Accounts receivable, net	6(5)		806,114	11		1,324,474	18
1180	Accounts receivable – the related party, net	6(5) and 7		159,635	2		652,969	9
1200	Other receivables	7		44,696	1		50,804	1
1220	Income tax assets in the current period			5,561	-		14,777	-
130X	Inventory	6(6)		881,490	13		1,148,332	15
1470	Other current assets			19,981	-		9,273	-
11XX	Total current assets			4,326,224	61		5,106,919	68
Non-current assets								
1517	Financial assets measured at fair value through profit or loss – non-current	6(3)		10,464	-		18,235	-
1535	Financial assets measured at amortized cost -non-current	6(4) and 8		308,809	4		22,504	-
1550	Investment at equity method	6(7)		783,537	11		965,229	13
1600	Property, plant and equipment	6(8)		900,758	13		807,507	11
1755	Right-of-use assets	6(9) and 7		386,686	6		296,273	4
1780	Intangible assets			24,957	-		18,068	-
1840	Deferred income tax assets	6(28)		116,459	2		64,320	1
1900	Other non-current assets	6(12)		216,199	3		212,159	3
15XX	Total non-current assets			2,747,869	39		2,404,295	32
1XXX	Total assets		\$	7,074,093	100	\$	7,511,214	100

(To be continued)

CyberTAN Technology Inc. and the subsidiaries  
Consolidated Balance Sheet  
December 31, 2023 and 2022

Unit: NTD thousand

Liabilities and equity			December 31, 2023		December 31, 2022			
			Amount	%	Amount	%		
Current liabilities								
2100	Short-term loans	6(13)	\$	590,516	8	\$	449,955	6
2130	Contract liabilities – current	6(21)		48,648	1		57,990	1
2170	Accounts payable			822,316	11		1,038,097	14
2180	Accounts payable – the related party	7		44,169	1		22,797	-
2200	Other payables			186,972	3		194,218	3
2220	Other payables – the related party	7		12,385	-		18,007	-
2230	Income tax liabilities in the current period			-	-		10,531	-
2250	Liability reserve – current	6(16)		4,345	-		9,367	-
2280	Lease liabilities – current	7		53,091	1		55,287	1
2365	Refund liabilities – current			2,795	-		4,645	-
2399	Other current liabilities -others			87,397	1		75,865	1
21XX	Total current liabilities			1,852,634	26		1,936,759	26
Non-current liabilities								
2550	Liability reserve – non-current	6(16)		8,594	1		9,144	-
2570	Deferred income tax liabilities	6(28)		6,431	-		5,573	-
2580	Lease liabilities – non-current	7		429,673	6		488,301	7
2600	Other non-current liabilities	7		6,832	-		6,570	-
25XX	Total non-current liabilities			451,530	7		509,588	7
2XXX	Total liabilities			2,304,164	33		2,446,347	33
Equity attributable to parent company shareholders								
	Capital stock	6(17)						
3110	Common stock			3,302,554	47		3,302,154	44
	Capital reserves	6(18)						
3200	Capital reserves			622,678	9		620,772	8
	Retained earnings	6(19)						
3310	Legal reserve			825,257	11		825,257	11
3320	Special reserve			162,392	2		122,154	2
3350	Undistributed earnings			28,086	-		393,963	5
	Other equity	6(10)						
3400	Other equity		(	169,612)	( 2)	(	199,433)	( 3)
	Treasury stocks	6(17)						
3500	Treasury stocks		(	1,426)	-		-	-
31XX	Total equity attributable to parent company shareholders			4,769,929	67		5,064,867	67
3XXX	Total equity			4,769,929	67		5,064,867	67
	Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts	9						
	Significant Subsequent Events	11						
3X2X	Total liabilities and equity		\$	7,074,093	100	\$	7,511,214	100

Please refer to the notes of the consolidated financial statements, which constitute a part of the consolidated financial report.

Chairman: Gwong-Yih Lee

Manager: Gwong-Yih Lee

Accounting Officer: I-Wen Li



CyberTAN Technology Inc. and the subsidiaries  
Consolidated 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		2022	
			Amount	%	Amount	%
4000	Operating revenue	6(21) and 7	\$ 3,805,393	100	\$ 5,753,342	100
5000	Operating cost	6(6)(26) (27) and 7	( 3,795,451)	( 100)	( 5,466,483)	( 95)
5950	Net operating gross profit		9,942	-	286,859	5
	Operating expense	6(26)(27) and 7				
6100	Selling expenses		( 64,161)	( 2)	( 50,599)	( 1)
6200	Administrative expenses		( 133,474)	( 3)	( 161,246)	( 3)
6300	R&D expenses		( 291,030)	( 7)	( 275,649)	( 5)
6450	Expected credit impairment gains (losses)	12(2)	12,166	-	( 12,286)	-
6000	Total operating expenses		( 476,499)	( 12)	( 499,780)	( 9)
6900	Operating losses		( 466,557)	( 12)	( 212,921)	( 4)
	Non-operating revenue and expenses					
7100	Interest revenue	6(22)	36,050	1	21,761	1
7010	Other revenue	6(23) and 7	79,434	2	93,375	2
7020	Other gains and losses	6(24)	143,709	4	( 162,238)	( 3)
7050	Financial Costs	6(25) and 7	( 31,864)	( 1)	( 37,453)	( 1)
7060	The share of the profit or loss of affiliated companies, joint ventures recognized under the equity method	6(7)	( 126,063)	( 3)	( 109,162)	( 2)
7000	Total non-operating income and expense		101,266	3	( 193,717)	( 3)
7900	Net profit before tax		( 365,291)	( 9)	( 406,638)	( 7)
7950	Income tax benefits	6(28)	48,461	1	39,964	1
8200	Current net loss		( \$ 316,830)	( 8)	( \$ 366,674)	( 6)

(To be continued)

CyberTAN Technology Inc. and the subsidiaries  
Consolidated 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		2022	
			Amount	%	Amount	%
	<b>Other comprehensive income</b>					
	<b>Items not reclassified to profit or loss</b>					
8311	Remeasurement of defined benefit plan	6(14)	\$ 2,041	-	\$ 5,438	-
8316	Unrealized valuation gains and loss from equity instrument investments measured at fair value through other comprehensive income	6(3)(20)	( 7,764)	-	( 56,046)	( 1)
8320	The share of other comprehensive income of affiliated companies, joint ventures recognized under the equity method – items not reclassified to profit or loss	6(7)	2,311	-	( 13,875)	-
8349	Income tax related to items not reclassified	6(28)	( 408)	-	( 654)	-
8310	Total of items not reclassified to profit or loss		( 3,820)	-	( 65,137)	( 1)
	<b>Items may be reclassified to profit or loss subsequently</b>					
8361	Exchange difference in the financial statement translation of the foreign operation	6(20)	1,715	-	32,671	-
8370	The share of other comprehensive income of affiliated companies, joint ventures recognized under the equity method – items may be reclassified to profit or loss	6(7)(20)	562	-	12,912	-
8399	Income tax related to items may be reclassified	6(20)(28)	( 343)	-	( 6,535)	-
8360	Total of items may be reclassified to profit or loss subsequently		1,934	-	39,048	-
8300	<b>Other comprehensive income (net amount)</b>		( \$ 1,886)	-	( \$ 26,089)	( 1)
8500	<b>Total comprehensive income for the year</b>		( \$ 318,716)	( 8)	( \$ 392,763)	( 7)
	Net profit attributable to:					
8610	Parent company shareholders		( \$ 316,830)	( 8)	( \$ 366,674)	( 6)
	The total comprehensive income attributable to:					
8710	Parent company shareholders		( \$ 318,716)	( 8)	( \$ 392,763)	( 7)
	Basic losses per share	6(29)				
9750	Total basic losses per share		( \$ 0.97)		( \$ 1.12)	

Please refer to the notes of the consolidated financial statements, which constitute a part of the consolidated financial report.

Chairman: Gwong-Yih Lee

Manager: Gwong-Yih Lee

Accounting Officer: I-Wen Li

CyberTAN Technology Inc. and the subsidiaries  
Consolidated Statement of Changes in Shareholders' Equity  
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Notes	Equity attributable to parent company shareholders									
	Retained earnings					Other equity				
	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
<u>2022</u>										
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 6(20) for the year	-	-	-	-	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 6(19) of earnings in 2021:										
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 instrument 6(3)(20) measured at fair value through other comprehensive income	-	-	-	-	1,856	-	( 1,856 )	-	-	-
Issuance of new restricted employee shares 6(15)(17)(18)(20)	16,100	28,392	-	-	-	-	-	( 44,492 )	-	-
Share-based payment for remuneration 6(15)(20)	-	-	-	-	-	-	-	7,451	-	7,451
Changes in equity of affiliated 6(7)(18) companies are not recognized in accordance with the shareholding percentage	-	20,459	-	-	-	-	-	-	-	20,459
Disposal of investments 6(18)(20) accounted for using the equity method	-	( 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

Please refer to the notes of the consolidated financial statements, which constitute a part of the consolidated financial report.

Chairman: Gwong-Yih Lee

Manager: Gwong-Yih Lee

Accounting Officer: I-Wen Li

CyberTAN Technology Inc. and the subsidiaries  
Consolidated Statement of Changes in Shareholders' Equity  
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Notes	Equity attributable to parent company shareholders									
	Retained earnings					Other equity				
	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
<u>2023</u>										
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 6(20) for the year	-	-	-	-	186	1,934	( 4,006 )	-	-	( 1,886 )
Total comprehensive income for the year	-	-	-	-	( 316,644 )	1,934	( 4,006 )	-	-	( 318,716 )
Appropriation and allocation 6(19) of earnings in 2022:										
Allocated special reserve	-	-	-	40,238	( 40,238 )	-	-	-	-	-
Issuance of new restricted 6(15)(17)(18)(20) employee shares	1,300	1,364	-	-	-	-	-	( 2,664 )	-	-
Revocation of restricted 6(15)(17)(18)(20) employee shares	( 900 )	( 1,175 )	-	-	-	-	-	2,075	-	-
Share-based payment for 6(15)(20) remuneration	-	-	-	-	-	-	-	23,487	-	23,487
Changes in equity of affiliated 6(7)(18) companies are not recognized in accordance with the shareholding percentage	-	10,953	-	-	-	-	-	-	-	10,953
Disposal of investments 6(18)(20) accounted for using the equity method	-	( 9,236 )	-	-	( 8,995 )	-	8,995	-	-	( 9,236 )
Repurchase of treasury shares 6(17)	-	-	-	-	-	-	-	-	( 17,573 )	( 17,573 )
Transfer of treasury stock to 6(17) employees	-	-	-	-	-	-	-	-	16,147	16,147
Balance at December 31, 2023	<u>\$ 3,302,554</u>	<u>\$ 622,678</u>	<u>\$ 825,257</u>	<u>\$ 162,392</u>	<u>\$ 28,086</u>	<u>(\$ 77,986 )</u>	<u>(\$ 77,483 )</u>	<u>(\$ 14,143 )</u>	<u>(\$ 1,426 )</u>	<u>\$ 4,769,929</u>

Please refer to the notes of the consolidated financial statements, which constitute a part of the consolidated financial report.

Chairman: Gwong-Yih Lee

Manager: Gwong-Yih Lee

Accounting Officer: I-Wen Li

CyberTAN Technology Inc. and the subsidiaries  
Consolidated 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
<u>Cash flow from operating activities</u>			
Net loss before tax for the period		( \$ 365,291 )	( \$ 406,638 )
Adjustment items			
Income/expenses items			
Depreciation expenses	6(26)	121,217	94,710
Miscellaneous expenses – depreciation expenses	6(24)	20,694	20,533
Amortization expenses	6(26)	4,590	1,950
Expected credit impairment (gains) losses	12(2)	( 12,166 )	12,286
Net loss from financial assets at fair value through profit or loss	6(2)(24)	24,982	-
Interest revenue	6(22)	( 36,050 )	( 21,761 )
Interest expenses	6(25)	31,864	37,453
Miscellaneous expenses – Interest expenses	6(24)	2,180	2,334
Dividend revenue	6(3)(23)	-	( 10,095 )
Share of profit or loss from affiliated companies under the equity method	6(7)	126,063	109,162
Gains on disposal of investment accounted for using equity method	6(7)(24)	( 208,691 )	( 4,039 )
Gains on disposal of property, plant and equipment	6(24)	( 2,509 )	( 5,748 )
Share-based payment for remuneration	6(15)(27)	23,487	7,451
Impairment loss of right-of-use assets	6(11)(24)	-	218,302
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 (including the related party)		1,023,860	( 944,119 )
Inventory		266,842	( 603,111 )
Other receivables		9,126	( 40,767 )
Other current assets		( 10,708 )	( 2,787 )
Other non-current assets		( 2,184 )	( 328 )
Net changes of liabilities related to operating activities			
Contract liabilities - current		( 9,342 )	23,930
Accounts payable (including the related party)		( 194,409 )	401,897
Other payables (including the related party)		( 22,031 )	688
Refund liabilities – current		( 1,850 )	2,494
Liability reserve		( 5,572 )	4,043
Other current liabilities		11,532	41,253
Advance on rent		-	( 1,087 )
Cash inflow (outflow) from operations		769,039	( 1,061,994 )
Income tax paid		( 5,322 )	( 6,038 )
Net cash inflow (outflow) from operating activities		763,717	( 1,068,032 )

(To be continued)

CyberTAN Technology Inc. and the subsidiaries  
Consolidated 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
<u>Cash flow from investing activities</u>			
Disposal of financial assets proceeds measured at fair value through profit or loss	6(3)	\$ -	\$ 1,892
Acquisition/disposal of financial assets measured at amortized cost		( 640,415 )	638,332
Proceeds from disposal of investment under equity method	6(7)	331,103	6,125
Acquisition of investment under equity method	6(7)	( 63,042 )	( 95,511 )
Acquisition of property, plant, and equipment	6(30)	( 215,215 )	( 132,869 )
Disposal of property, plant, and equipment proceeds		2,837	8,890
Decrease in refundable deposit		186	6,227
Acquisition of intangible asset		( 11,517 )	( 3,689 )
Interest received		33,032	21,794
Dividends received	6(3)(23)	-	10,095
Cash dividend distributed by affiliated companies recognized under the equity method	6(7)	849	2,445
Acquisition for right-of-use assets	6(30)	( 126,252 )	-
Net cash (outflow)inflow from investing activities		( 688,434 )	463,731
<u>Cash flow from financing activities</u>			
Increase (decrease) in short-term loans		140,561	( 120,495 )
Increases (decrease) in guarantee deposits		262	( 1,317 )
Repayment of lease principal	6(31)	( 48,354 )	( 51,324 )
Allocation of cash dividends	6(19)	-	( 16,430 )
Interest paid		( 37,337 )	( 34,263 )
Cost of repurchase of treasury shares	6(17)	( 17,573 )	-
Employee purchase of treasury shares	6(17)	16,147	-
Net cash inflow (outflow) from financing activities		53,706	( 223,829 )
Foreign exchange rate effect		17,745	13,654
Increase (decrease) in cash and cash equivalents in the current period		146,734	( 814,476 )
Balance of cash and cash equivalents, beginning		1,355,849	2,170,325
Balance of cash and cash equivalents, ending		<u>\$ 1,502,583</u>	<u>\$ 1,355,849</u>

Please refer to the notes of the consolidated financial statements, which constitute a part of the consolidated financial report.

Chairman: Gwong-Yih Lee

Manager: Gwong-Yih Lee

Accounting Officer: I-Wen Li

CyberTAN Technology Inc. and the subsidiaries  
Notes to Consolidated 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. The Company and the subsidiaries (hereinafter referred to as “the Group”) have 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 routers and wireless broadband network security routers.

II. Approval Date and Procedures of the Financial Statements

The consolidated 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:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective Date per IASB</u>
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 Group evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Group.

(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:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective Date per IASB</u>
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 “Supplier Financing Arrangements”	January 1, 2024

(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:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective Date per IASB</u>
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 Group evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Group.

IV. Summary of Significant Accounting Policies

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

(I) Compliance Statement

The consolidated financial report was prepared in accordance with the “Regulations Governing the Preparation of Financial Report by Securities Issuers,” and the IFRS, IAS, IFRIC and SIC (hereinafter referred to as the “IFRSs”) endorsed and issued into effect by FSC.

(II) Basis of preparation

1. Except the following important items, the consolidated financial report was prepared based on the historical cost:
  - (1) Financial assets (including derivatives) measured at fair value through profit or loss based on fair value.
  - (2) Financial assets measured at fair value through other comprehensive income based on fair value.



- (3) Defined benefit assets stated based on the net after pension fund assets less the present value of defined benefit obligations.
2. The preparation of the financial report that complies with IFRSs requires some important accounting estimates. The application of the Group's accounting policy also requires the management to use their judgment during the process. For items involving high judgment or complexity or items involving important estimates and assumptions of the consolidated financial report, please refer to the description in Note 5.

### (III) Basis of consolidation

1. Principle for the preparation of consolidated financial statements
  - (1) The Group included all of the subsidiaries in the consolidated financial statements. Subsidiaries mean the entities controlled by the Group (including structured entities). When the Group is exposed to the changes of remuneration participated by the entities or is entitled to changes of remuneration, and is able to influence the remuneration by virtue of its power over the entities, the Group is held controlling the entities. The subsidiaries are included in the consolidated financial statements on the date when the Group acquires the controlling power, and the consolidation shall be suspended as of the date when the Group forfeits the controlling power.
  - (2) Unrealized gains on transactions between the Group companies are eliminated to the extent of the Group's interest in the associates. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (3) Elements of the income and other comprehensive income shall be vested in parent company shareholders and non-controlling equity. The total comprehensive income shall be vested in parent company shareholders and non-controlling equity, even if the non-controlling equity suffers loss.
  - (4) Where the changes in shareholdings of subsidiaries don't result in forfeiture of controlling power (transactions with non-controlling equity), they shall be processed as equity transactions, which are identified as the transactions with parent company shareholders. The price difference between the adjustment value of non-controlling equity and fair value of paid or collected consideration was directly recognized as equity.
  - (5) When the Group forfeits control over its subsidiaries, its residual investment in the subsidiaries shall be remeasured based on fair value, and identified as the fair value of financial asset recognized initially or cost of the investment in affiliated companies or joint ventures recognized initially. The price difference between the fair value and book value is stated as current income. Where the accounting treatment for the values related to the subsidiaries as stated in other comprehensive income previously is identical with the basis for the Group's direct disposition of related assets or liabilities, namely, if the gain or loss stated in other comprehensive income previously would be reclassified into profit or loss when the related assets or liabilities are disposed of, the profit or loss shall be reclassified into income from equity when the Group forfeits control over the subsidiaries.

2. The subsidiaries covered within the consolidated financial report:

Name of investor	Name of subsidiary	Nature of business	Equity percentage		Description
			December 31, 2023	December 31, 2022	
The Company	CyberTAN Corp U.S.A)	Sales company	100%	100%	
"	Ta Tang Investment Co., Ltd.	General investment business	100%	100%	
"	CyberTAN (B.V.I) Investment Corp.	"	100%	100%	
"	SonicFi INC.	Sales company	100%	-	(1)
CyberTAN (B.V.I) Investment Corp.	FU HAI Technology Company Limited	Manufacturing company	100%	-	(2)
CyberTAN (B.V.I) Investment Corp.	HON YAO FU Technology Company Limited	Manufacturing company	100%	100%	
CyberTAN (B.V.I) Investment Corp.	CyberTAN Technology (HONG KONG) Limited	General investment business	100%	100%	
CyberTAN Technology (HONG KONG) Limited	Fuhongkang Technology (Shenzhen) Co., Ltd.	Manufacturing company	100%	100%	
Fuhongkang Technology (Shenzhen) Co., Ltd.	Chongqing Hongdaofu Technology Co., Ltd.	"	100%	100%	

(1) The Group directly invested in SonicFi INC. on November 23, 2023 and acquired 100% of its equity, which was included in the consolidated financial statements from the date of investment.

(2) The Group directly invested in FU HAAI Technology Company Limited on June 12, 2023 and acquired 100% of its equity, which was included in the consolidated financial statements from the date of investment.

3. The subsidiaries that are not included in the consolidated financial statements: None.

4. Different adjustment and treatment by subsidiaries in the accounting period: None.

5. Significant restrictions: None.

6. Subsidiaries over which the Group holds important non-controlling equity: None.

(IV) Translation of foreign currency

Each item listed in the separate financial statements of the Group is measured by the currency of the primary economic environment in which the business department is situated (i.e. functional currency). The consolidated 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 Group’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 Group 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.

(V) 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 Group 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 Group listed all assets that did not comply with the following conditions as non-current liabilities.

(VI) 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.

(VII) 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 Group 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 Group while the transaction cost is recognized in profit or loss upon being incurred. Subsequent valuation is based on the fair value measurement and the resulting gain or loss is recognized as profit or loss.

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

1. This refers to the irrevocable choice at initial recognition to recognize the later fair value change of the equity instrument investment held not for transaction in other comprehensive profit or loss; or at the same time, the debt instrument investment meets the following conditions:
  - (1) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows or to sell.
  - (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 Group adopts the trade date accounting for financial assets in accordance with the general trade practice measured at fair value through other comprehensive income.
3. It is initially recognized at fair value plus the transaction cost by the Group and the subsequent valuation is measured at fair value:
  - (1) The changes in fair value belonging to equity instrument investment are recognized as other comprehensive income. During derecognition, accumulated profit or loss previously recognized in other comprehensive income shall not be subsequently reclassified as profit or loss but classified as retained earnings. When the Group is entitled to collect dividends, the economic effect related to the dividend may inflow and the amount of revenue can be measured reliably. Therefore, the related dividend revenue shall be recognized as profit or loss.
  - (2) The changes in fair value belonging to equity instrument investments are recognized as other comprehensive income. The impairment loss, interest income, and exchange gain or loss in foreign currency before derecognition are recognized as profit or loss. During derecognition, the accumulated profit or loss previously recognized in other comprehensive income will be reclassified from equity to profit or loss.

(IX) 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 Group adopts the trade date accounting for financial assets in accordance with the general trade practice measured at amortized cost.
3. The Group measures its fair value plus transaction costs at the time of initial recognition. Subsequently, the effective interest method is adopted to recognize interest income and impairment loss in the current period according to the amortization procedure. At the time of derecognition, the loss is recognized in profit and/or loss.
4. The time deposit not complying with cash equivalents held by the Group is measured at investment amount since the impact of discounting was insignificant.

(X) 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 Group since the impact of discounting was insignificant.

(XI) 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 Group measures the loss allowance based on 12-month expected credit losses for those without significant increase in credit risk after initial recognition; for those with 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.

(XII) Derecognition of the financial assets

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

(XIII) 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.

(XIV) 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.

(XV) Investments under the equity method – affiliated companies

1. The affiliated companies refer to the entity in which the Group has significant impact upon and often holds more than 20% of voting shares directly or indirectly. The investment of the Group in the affiliated companies adopts the equity method for disposal and is recognized based on cost upon acquisition.
2. The shares in profit or loss acquired from affiliated companies by the Group was recognized as current profit or loss and shares of other comprehensive income was recognized as other comprehensive income. In the event that the Group's shares of loss in the affiliated companies is equal to or exceed its equity in the affiliated companies (including other unsecured receivables), the Group does not recognize further losses, unless in the event of occurrence of legal obligations, presumed obligations or within the scope that the Group made payment on behalf of the affiliated companies.
3. 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 Group, all of changes in equity will be recognized as “capital reserves” based on the shareholding ratio by the Group.

4. The unrealized profit or loss deriving from the transactions between the Group 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 Group.
5. If the Group fails to subscribe or acquire new shares in proportion to the issuance of new shares by the affiliated enterprise, resulting in a change in the proportion of investment but still a material influence on the affiliate, the increase or decrease in the change in the net value of the equity will be the adjustment of the “capital reserves” and “investments under the equity method.” If the investment ratio decreases as a result, in addition to the above-mentioned adjustment, the profit or loss recognized under other comprehensive income related to the decrease in ownership interest, and such profit or loss must be reclassified to if any, it is reclassified to profit or loss in proportion to the decrease.
6. When the Group 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 Group’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 Group 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.
7. When the Group disposes of an affiliate, the capital surplus of the affiliate is transferred to profit or loss if the Group loses significant influence on the affiliate. If there is still significant influence, profit or loss shall be transferred in proportion to the disposal.

(XVI) 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 Group 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. Except for land, which is not depreciated, 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 Group 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 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 (The useful life of interior construction is 3–10 years)	3 – 41 years
Machinery and equipment	3 – 10 years
Transportation equipment	5 years
Office equipment	2 – 10 years
Other equipment	2 – 5 years

(XVII) 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 Group. 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 Group’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; and
- (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.

4. For the lease modification regarding the decrease in scope of the lease, the lessee will decrease the book amount of right-of-use assets to reflect partial or overall termination of the lease and will recognize the difference between it and the remeasurement amount of lease liabilities as profit or loss.

(XVIII) Intangible assets

The computer software is recognized by acquisition cost and is amortized under straight-line method based on 1 – 3 years of useful life.

(XIX) Impairment of non-financial assets

The Group 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.

(XX) Loans

This refers to the short-term amounts borrowed from the bank. Loans of the Group 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 deducting 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.

(XXI) Accounts payable

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

(XXII) Derecognition of the financial liabilities

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

(XXIII) 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.

(XXIV) 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.

(XXV) 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.
- C. Expenses related to the service cost in the previous period are immediately recognized in profit or loss.

3. Severance benefits

Severance benefits are provided to employees upon termination of employment prior to the normal retirement date or when an employee accepts the Company's offer of benefits in exchange for termination of employment. The Group recognizes severance benefits as expenses when the offer of benefits can no longer be withdrawn, or the related reorganization costs are recognized, whichever occurs earlier. Benefits that are not expected to be settled in full within 12 months of the balance sheet date should be discounted.

4. 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.

(XXVI) 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.

(XXVII) Income Tax

- 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 Group 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 consolidated 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 if, at the time of the transaction, it does not affect accounting profit or taxable income (taxable loss), and no equal taxable and deductible temporary differences are generated. All taxable provisional differences generated from investment in subsidiaries and affiliated companies, of which the time of reverse is controllable by the Group 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.

(XXVIII) Capital stock

1. 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.
2. When the Company repurchases the outstanding shares, the consideration paid, including any directly attributable incremental cost, shall be recognized as a deduction

of shareholders' equity after tax. When the repurchased shares are subsequently reissued, the difference between the consideration received, net of any directly attributable incremental costs and the effect of income tax and the carrying amount is recognized as an adjustment to shareholders' equity.

(XXIX) 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 or resolved specially by the board of directors 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.

(XXX) Recognition of revenue

1. Sale of goods

- (1) The Group 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 Group 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 Group 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 Group 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 Group has unconditional rights to contract proceeds from that time and can collect consideration from the customer after that time.

2. Cost of acquiring customer contract

The Group 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.

(XXXI) 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 Group, the government subsidies shall be stated as the current income on a systematic basis when the related expenses are incurred.

(XXXII) Business segment

The Group's business segment information adopts the same reporting method as the internal management report provided for the main operating decision maker. The main operating decision maker is responsible for distributing resources to business segment and evaluate their performance. The main operating decision maker of the Group is identified to be the board of directors.

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

When preparing the consolidated financial report of the Group, the management decided on 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 Group must make judgment and estimate to determine the net realizable value of the inventory on the balance sheet date. Due to the rapid transformation of technology, the Group 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 Group's inventory was NTD 881,490.

2. Evaluation of the loss of accounts receivable

During the evaluation process for the impairment of accounts receivable, the Group uses the overdue ages of accounts receivable, customer's financial status, historical trading record and subsequent collections as the basis. The Group also calculates loss ratio based on past aging data statements 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 Group was NTD 965,749.

## 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	490,749	695,197
Time deposit	522,353	410,000
Cash equivalents – repurchase bonds	489,189	250,110
Total	<u>\$ 1,502,583</u>	<u>\$ 1,355,849</u>

1. The financial institutions trading with the Group are reputable banks and the Group trades with various financial institutions to spread the credit risk. Thus, the possibility of expected default is low.
2. The Group 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(4).

### (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	<u>\$ 1,613</u>

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	<u>(\$ 24,982)</u>

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

	December 31, 2023		
	Contract amount (Notional principal) (thousand dollars)		Contract term
Financial assets			
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 Group 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.

- 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 fair value through other comprehensive income

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Equity instruments		
TWSE/TPEX unlisted stocks	\$ 42,987	\$ 42,994
Valuation adjustment	( 32,523)	( 24,759)
Total	<u>\$ 10,464</u>	<u>\$ 18,235</u>

- The Group classified the equity instrument investment belonging to strategic investment as financial assets measured at fair value through other comprehensive income. The fair values of these investments as of December 31, 2023 and 2022 were NTD 10,464 and NTD 18,235, respectively.
- Due to the need for capital expenses, the Group sold A10 Networks. Inc. with fair value of NTD 1,892 in 2022.
- The details of financial assets measured at fair value through other comprehensive income recognized in profit or loss and comprehensive income are as follows:

	<u>2023</u>	<u>2022</u>
<u>Equity instrument measured at</u>		
<u>fair value through other</u>		
<u>comprehensive income</u>		
Fair value changes recognized		
in other comprehensive		
income	(\$ 7,764)	(\$ 56,046)
Dividend income held at the		
end of current period		
recognized in profit or loss	\$ -	\$ 10,088
Dividend income recognized		
in profit or loss		
derecognized in the current		
period	<u>—</u>	<u>7</u>
	<u>\$ -</u>	<u>\$ 10,095</u>
Accumulated gain recognized in		
retained earnings due to		
derecognition	<u>\$ -</u>	<u>\$ 1,856</u>

- For information related to financial assets measured at fair value through other comprehensive income, please refer to Note 12(3).

(IV) Financial assets measured at amortized cost

Item	December 31, 2023	December 31, 2022
Current items:		
Time deposit expired over three months	\$ 900,856	\$ 550,000
Pledged time deposit	3,695	441
Total	<u>\$ 904,551</u>	<u>\$ 550,441</u>
Non-current items:		
Ordinary corporate bonds	\$ 290,000	\$ -
Pledged time deposit	18,809	22,504
Total	<u>\$ 308,809</u>	<u>\$ 22,504</u>

1. Without taking into account the collaterals or credit enhancement held by the Group, for the financial assets measured at amortized cost that best represents the Group, the maximum amount of credit risk exposure as of December 31, 2023 and 2022 was the book balance.
2. For pledged financial assets measured at amortized cost by the Group, please refer to Note 8.
3. The Group'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.

(V) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 813,590	\$ 1,344,116
Accounts receivable – the related party	159,635	652,969
Less: Allowance loss	( 7,476)	( 19,642)
	<u>\$ 965,749</u>	<u>\$ 1,977,443</u>

1. For aging analysis of accounts receivable (including the related party), please refer to Note 12(2).
2. The balances of accounts receivable (including the related party) 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 1,045,610 as of January 1, 2022.
3. The accounts receivable (including the related party) of the Group does not include collaterals.
4. Without taking into account the collaterals or credit enhancement held by the Group, for the accounts receivable that best represents the Group, 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.

(VI) Inventory

December 31, 2023			
	Costs	Allowance devaluation loss	Book amount
Materials	\$ 863,331	(\$ 82,070)	\$ 781,261
Goods in process and semi-finished goods	53,263	( 8,214)	45,049
Finished products	58,863	( 3,683)	55,180
Total	<u>\$ 975,457</u>	<u>(\$ 93,967)</u>	<u>\$ 881,490</u>
December 31, 2022			
	Costs	Allowance devaluation loss	Book amount
Materials	\$ 951,994	(\$ 56,611)	\$ 895,383
Goods in process and semi-finished goods	94,423	( 8,093)	86,330
Finished products	174,744	( 9,270)	165,474
Inventory in transit	1,145	—	1,145
Total	<u>\$ 1,222,306</u>	<u>(\$ 73,974)</u>	<u>\$ 1,148,332</u>

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

	2023	2022
Cost of sold inventory	\$ 3,526,638	\$ 5,406,163
Idle production capacity	248,820	42,773
Devaluation loss	19,993	17,547
	<u>\$ 3,795,451</u>	<u>\$ 5,466,483</u>

(VII) Investment at equity method

	2023	2022
January 1	\$ 965,229	\$ 964,044
Increase in investment at equity method	63,042	95,511
Disposal of investments accounted for using the equity method	( 131,648 )	( 2,215 )
Investments under the equity method – changes in the equity of affiliated companies	10,953	20,459
Acquisition of cash dividend by affiliated companies under the equity method	( 849 )	( 2,445 )
Share of other comprehensive income from affiliated companies under the equity method	( 1,447 )	8,075
Share in profit or loss of affiliated companies under equity method	( 126,063 )	( 109,162 )
Exchange difference in the financial statement translation of the foreign operation	562	12,912
Other equity changes (Note 6(20))	3,758	( 21,950 )
December 31	<u>\$ 783,537</u>	<u>\$ 965,229</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Affiliated companies:		
Microelectronics Technology, Inc. (Microelectronics Technology)	\$ 769,860	\$ 946,785
Mega Power Ventures Inc.	13,677	18,444
	<u>\$ 783,537</u>	<u>\$ 965,229</u>



1. The basic information about affiliated companies important to the Group is stated as follows:

Company name	Principal business place	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

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

Balance Sheet	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

	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 )

3. As the affiliated company important to the Group, Microelectronics Technology has open market quotation. Its fair value on December 31, 2023 and 2022 were NTD 1,782,092 and NTD 2,122,267, respectively.
4. The Group invested in Tai Yang Corporation using the equity method. In March 2022, new shares were issued by the Company in accordance with the shareholding ratio, and the Company's shareholding decreased from 22.96% to 22.77%. A capital reserve of NTD 20,459 was recognized.
5. In 2022, the Group sold 120 thousand shares of affiliate Microelectronics Technology Inc. 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 Group 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 Group 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 Group 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 Group has no control over the financial affairs, operation and personnel guidelines of Microelectronics Technology without any actual guidance of relevant

activities. Therefore, it is determined that the Group has no control over such company but only significant impact thereof.

(VIII) Property, plant and equipment

	House and buildings	Machinery and equipment	Others	Unfinished construction and equipment to be inspected	Total
January 1, 2023					
Costs	\$ 873,595	\$ 325,288	\$ 252,142	\$ 2,661	\$ 1,453,686
Accumulated depreciation	( 334,311)	( 141,161)	( 170,707)	-	( 646,179)
	<u>\$ 539,284</u>	<u>\$ 184,127</u>	<u>\$ 81,435</u>	<u>\$ 2,661</u>	<u>\$ 807,507</u>
<u>2023</u>					
January 1	\$ 539,284	\$ 184,127	\$ 81,435	\$ 2,661	\$ 807,507
Increase	2,187	78,855	3,577	134,754	219,373
Disposal (cost)	( 3,076)	( 17,645)	( 73,039)	-	( 93,760)
Disposal (accumulated depreciation)	3,076	17,422	72,934	-	93,432
Depreciation expenses	( 24,067)	( 64,254)	( 19,834)	-	( 108,155)
Reclassification (cost)	-	3,129	( 398)	( 2,731)	-
Net exchange differences	-	( 12,388)	( 2,671)	( 2,580)	( 17,639)
December 31	<u>\$ 517,404</u>	<u>\$ 189,246</u>	<u>\$ 62,004</u>	<u>\$ 132,104</u>	<u>\$ 900,758</u>
December 31, 2023					
Costs	\$ 878,858	\$ 360,766	\$ 177,425	\$ 132,104	\$ 1,549,153
Accumulated depreciation	( 361,454)	( 171,520)	( 115,421)	-	( 648,395)
	<u>\$ 517,404</u>	<u>\$ 189,246</u>	<u>\$ 62,004</u>	<u>\$ 132,104</u>	<u>\$ 900,758</u>
	House and buildings	Machinery and equipment	Others	Unfinished construction and equipment to be inspected	Total
January 1, 2022					
Costs	\$ 872,743	\$ 275,127	\$ 281,476	\$ 7,138	\$ 1,436,484
Accumulated depreciation	( 309,500)	( 185,493)	( 218,141)	-	( 713,134)
	<u>\$ 563,243</u>	<u>\$ 89,634</u>	<u>\$ 63,335</u>	<u>\$ 7,138</u>	<u>\$ 723,350</u>
<u>2022</u>					
January 1	\$ 563,243	\$ 89,634	\$ 63,335	\$ 7,138	\$ 723,350
Increase	852	97,706	34,311	-	132,869
Disposal (cost)	-	( 64,637)	( 70,152)	-	( 134,789)
Disposal (accumulated depreciation)	-	62,346	69,301	-	131,647
Depreciation expenses	( 24,811)	( 12,822)	( 18,808)	-	( 56,441)
Reclassification (cost)	-	4,890	-	( 4,890)	-
Net exchange differences	-	7,010	3,448	413	10,871
December 31	<u>\$ 539,284</u>	<u>\$ 184,127</u>	<u>\$ 81,435</u>	<u>\$ 2,661</u>	<u>\$ 807,507</u>
December 31, 2022					
Costs	\$ 873,595	\$ 325,288	\$ 252,142	\$ 2,661	\$ 1,453,686
Accumulated depreciation	( 334,311)	( 141,161)	( 170,707)	-	( 646,179)
	<u>\$ 539,284</u>	<u>\$ 184,127</u>	<u>\$ 81,435</u>	<u>\$ 2,661</u>	<u>\$ 807,507</u>

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

(IX) Lease transactions – Lessee

1. The underlying assets leased by the Group 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 Group 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Book amount</u>	<u>Book amount</u>
Land	\$ 334,543	\$ 223,024
House	50,136	69,904
Transportation equipment	2,007	3,345
	<u>\$ 386,686</u>	<u>\$ 296,273</u>
	<u>2023</u>	<u>2022</u>
	<u>Depreciation</u>	<u>Depreciation</u>
	<u>expenses</u>	<u>expenses</u>
Land	\$ 18,669	\$ 17,340
House	13,750	40,794
Transportation equipment	1,337	668
	<u>\$ 33,756</u>	<u>\$ 58,802</u>

4. The increase in right-of-use asset of the Group in 2023 and 2022 were NTD 133,092 and NTD 7,092, respectively.
5. On June 28, 2023, FU HA Technology Company Limited signed a contract with the Vietnamese government to acquire the land use right of Ho Phu Industrial Park, Bac Giang Province, Vietnam. on May 20, 2013, the land use right was transferred on July 29, 2023 for a total consideration of NTD 133,092 (VND 100,407,437 thousand), which has been paid as of December 31, 2024 The outstanding balance was NTD 126,252, and the unpaid amount was NTD 6,840 (other payables listed).
6. The following is information regarding the profit or loss items related to lease contracts:

	<u>2023</u>	<u>2022</u>
<u>Item influencing current profit or loss</u>		
Interest expenses of lease liabilities	\$ 17,009	\$ 18,643
Expenses for short-term lease contracts	206	288
Expenses for lease of low-price assets	240	208
	<u>\$ 17,455</u>	<u>\$ 19,139</u>

7. The Group's total cash outflow of lease in 2023 and 2022 were NTD 65,809 and NTD 70,463, respectively.
8. For the impairment of right-of-use assets, please refer to Note 6(11).

(X) Lease transactions – Lessor

1. The underlying assets leased by the Group 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 Group 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 Group 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	<u>\$ 169,231</u>	<u>\$ 33,496</u>

(XI) Impairment of non-financial assets (2023: None)

4. The impairment loss recognized by the Group in 2022 was NTD 218,302, as follows:

	2022
	Recognized in current profit and loss
Impairment loss – Right-of-use assets	<u>\$ 218,302</u>

5. Due to the impact of the China–US trade war, the Group ceased production activities at the mainland China factory in 2022 and moved the entire production line to Vietnam. As the current factory is idle with no possibility of cash inflow, resulting in impairment, the Group adjusted the carrying amount based on the recoverable amount, and recognized an impairment loss of NTD 218,302.

(XII) 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
Refundable deposits	3,054	3,241
Others	-	305
Total	<u>\$ 216,199</u>	<u>\$ 212,159</u>

(XIII) Short-term loans

Nature of loan	December 31, 2023	Interest rate interval	Collateral
Bank loans			
Credit loans	<u>\$ 590,516</u>	4.50%~6.15%	None
Nature of loan	December 31, 2022	Interest rate interval	Collateral
Bank loans			
Credit loans	<u>\$ 449,955</u>	3.70%~5.61%	None

(XIV) Pension

1. (1) The Company has established regulations for retirement with welfare in accordance with the Labor Standards Act. These regulations apply to the years of service for full-time employees before the implementation of the Labor Pension Act on July 1, 2005. The employees continued to adopt the Labor Standards Act after the Labor Pension Act came 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
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	<u>\$ 49,521</u>	<u>\$ 45,227</u>

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

	<u>Current values of the ascertained fringe benefit obligations</u>	<u>Fair values of the planned assets</u>	<u>Net defined benefit assets</u>
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
	<u>( 21,591)</u>	<u>68,968</u>	<u>47,377</u>
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
	<u>1,488</u>	<u>553</u>	<u>2,041</u>
Pension contributed	-	103	103
Balance, December 31	<u>( \$ 20,103)</u>	<u>\$ 69,624</u>	<u>49,521</u>

	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	-	4,864	4,864
(Excluding amount included in interest income or expenses)			
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
1–2 years		590
2–5 years		1,793
Over 5 years		16,188
	\$	<u>22,045</u>

- (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) Hongdaofu and Fuhongkang contribute specific ratio of the local employees’ total salary as the fund of endowment insurance on a monthly basis according to the endowment insurance system regulated by the government of the People’s Republic of China. The contribution ratio was 14% in 2023 and 2022. The pension of each employee is arranged by the government. Except for the contribution of fund on a monthly basis, the Group shall bear no other obligations.
  - (3) The principal of the pension cost recognized by the Group according to the said pension regulations were NTD 12,007 and NTD 14,330 in 2023 and 2022, respectively.

(XV) Share-based payment for remuneration

1. The share-based payment for remuneration agreements of the Group 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 Group 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 Group'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
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	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

(XVI) 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 Group'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 Group estimated to be used in 2024 and 2025 are NTD 4,345 and NTD 8,594 respectively.

(XVII) 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
New restricted employee shares	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(15)). 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(15)). 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.

(XVIII) Capital reserves

According to the Company Act, for the capital reserves including shares issued at premium exceeding 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

(XIX) Retained earnings

- 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 by the shareholders' meetings on June 27, 2023 and June 24, 2022, respectively, are 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	<u>\$ 40,238</u>		<u>( \$ 45,093)</u>	

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

(XX) 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	( 7,764)	-	-	( 7,764)
Valuation adjustment – Affiliated companies	3,758	-	-	3,758
Valuation adjustment transferred to retained earnings – Affiliated companies	8,995	-	-	8,995
Currency translation differences:	-	-	-	-
- Group	-	1,715	-	1,715
- Group's tax	-, (	343)	-	( 343)
- Affiliated companies	-,	562	-	562
Issuance of new restricted employee shares	-	-	( 2,664)	( 2,664)
Cancellation of new restricted employee shares	-	-	2,075	2,075
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 adjustment	( 56,046)	-	-	( 56,046)
Tax of valuation adjustment	434	-	-	434
Valuation adjustment – Affiliated companies	( 21,950)	-	-	( 21,950)
Valuation adjustment transferred to retained earnings	( 1,856)	-	-	( 1,856)
Valuation adjustment transferred to retained earnings – Affiliated companies	132	-	-	132
Currency translation differences:	-	-	-	-
- Group	-	32,671	-	32,671
- Group's tax	-, (	6,535)	-	( 6,535)
- Affiliated companies	-,	12,912	-	12,912
Issuance of 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)

(XXI) Operating revenue

	2023	2022
Revenue from customer contracts	<u>\$ 3,805,393</u>	<u>\$ 5,753,342</u>

1. Details of revenue from customer contracts

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

<u>2023</u>	<u>America</u> <u>Communication</u> <u>product</u>	<u>Europe</u> <u>Communication</u> <u>product</u>	<u>Asia</u> <u>Communication</u> <u>product</u>	<u>Australia</u> <u>Communication</u> <u>product</u>	<u>Other</u> <u>departments</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 1,854,045</u>	<u>\$ 928,672</u>	<u>\$ 98,021</u>	<u>\$ 103,402</u>	<u>\$ 821,253</u>	<u>\$ 3,805,393</u>
<u>2022</u>	<u>America</u> <u>Communication</u> <u>product</u>	<u>Europe</u> <u>Communication</u> <u>product</u>	<u>Asia</u> <u>Communication</u> <u>product</u>	<u>Australia</u> <u>Communication</u> <u>product</u>	<u>Other</u> <u>departments</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 3,643,359</u>	<u>\$ 1,377,322</u>	<u>\$ 289,930</u>	<u>\$ 200,360</u>	<u>\$ 242,371</u>	<u>\$ 5,753,342</u>

2. Contract liabilities

- (1) The Group'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, 2022 were NTD 48,648, NTD 57,990 and NTD 34,060, 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	<u>\$ 26,862</u>	<u>\$ 16,333</u>

(XXII) Interest revenue

	2023	2022
Bank deposit interest	<u>\$ 36,050</u>	<u>\$ 21,761</u>

(XXIII) Other revenue

	2023	2022
Rental revenue	<u>\$ 71,533</u>	<u>\$ 73,660</u>
Dividend revenue	<u>-</u>	<u>10,095</u>
Other revenues – others	<u>7,901</u>	<u>9,620</u>
	<u>\$ 79,434</u>	<u>\$ 93,375</u>

(XXIV) Other gains and losses

	2023	2022
Gains on disposal of investment	\$ 208,691	\$ 4,039
Gains on disposal of property, plant and equipment	2,509	5,748
Financial liabilities loss measured at fair value through profit or loss	( 24,982)	-
Miscellaneous expenses – depreciation	( 20,694)	( 20,533)
Miscellaneous expenses – interest	( 2,180)	( 2,334)
Foreign currency exchange gain (loss)	( 15,733)	74,939
Impairment loss of right-of-use assets	-	( 218,302)
Miscellaneous expenses	( 3,902)	( 5,795)
	<u>\$ 143,709</u>	<u>(\$ 162,238)</u>

(XXV) Financial Costs

	2023	2022
Interest expenses:		
Bank loans	\$ 17,035	\$ 21,144
Lease liabilities	14,829	16,309
Financial Costs	<u>\$ 31,864</u>	<u>\$ 37,453</u>

(XXVI) Additional Information on the Nature of Expense

	2023	2022
Employee benefit expenses	\$ 444,014	\$ 363,726
Depreciation expenses of property, plant and equipment	96,116	44,546
Depreciation expenses of right-of-use assets	25,101	50,164
Amortization expense of intangible assets	4,590	1,950
	<u>\$ 569,821</u>	<u>\$ 460,386</u>

(XXVII) Employee benefit expenses

	2023	2022
Salary expenses	\$ 347,248	\$ 311,056
Employee stock option	23,487	7,451
Expenses for labor and health insurance	42,717	38,909
Pension expenses	12,007	14,330
Other employment expenses	18,555	16,868
	<u>\$ 444,014</u>	<u>\$ 388,614</u>

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 in 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.

(XXVIII) 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	\$ 1,861	\$ 13,953
Additional tax levied on the undistributed earnings	645	371
Underestimated (overestimated) income tax in previous year	1,065	( 7,655 )
Total income tax in the current period	<u>3,571</u>	<u>6,669</u>
Deferred income tax:		
Initial occurrence and reversal of temporary difference	( 52,032 )	( 46,633 )
Total deferred income tax	( 52,032 )	( 46,633 )
Income tax benefits	<u>(\$ 48,461)</u>	<u>(\$ 39,964)</u>

(2) Income tax related to other comprehensive income:

	2023	2022
Exchange differences on the translation of the foreign operation	(\$ 343)	(\$ 6,535)
Remeasurement of defined benefit obligation	( 408 )	( 1,088 )
Changes in fair value of financial assets changed by fair value through other comprehensive income	-	434
	<u>(\$ 751)</u>	<u>(\$ 7,189)</u>

2. Relation between income tax and accounting profit:

	2023	2022
Income tax calculated based on net loss before tax at the statutory tax rate	(\$ 78,848)	(\$ 111,247)
Excluded expenses by the tax laws	26,294	19,362
Exemption by the tax laws	( 41,738 )	997
Realizable evaluation changes of deferred income tax assets	44,121	60,202
Underestimated (overestimated) income tax in previous year	1,065	( 7,655 )
Additional tax levied on the undistributed earnings	645	371
Income tax benefits	<u>(\$ 48,461)</u>	<u>(\$ 39,964)</u>



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	Exchange difference	December 31
Temporary difference:					
- Deferred income tax assets:					
Loss on inventory valuation	\$ 575	(\$ 195)	\$ -	\$ -	\$ 380
Warranty reserve	3,702	( 1,113)	-	-	2,589
Refund liabilities	929	( 370)	-	-	559
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
Unrealized exchange loss	3,558	4,670	-	-	8,228
Subtotal	<u>\$ 64,320</u>	<u>\$ 52,482</u>	<u>(\$ 343)</u>	<u>\$ -</u>	<u>\$ 116,459</u>
- Deferred income tax liabilities:					
Remeasurement of defined benefit plan	(\$ 5,573)	(\$ 450)	(\$ 408)	\$ -	(\$ 6,431)
Total	<u>\$ 58,747</u>	<u>\$ 52,032</u>	<u>(\$ 751)</u>	<u>\$ -</u>	<u>\$ 110,028</u>

	2022				
	January 1	Recognized into profit and/or loss	Recognized in other comprehensive net profit	Exchange difference	December 31
Temporary difference:					
- Deferred income tax assets:					
Loss on inventory valuation	\$ 5,501	(\$ 5,021)	\$ -	\$ 95	\$ 575
Warranty reserve	2,893	809	-	-	3,702
Refund liabilities	430	499	-	-	929
Bonus payable for unused vacation	1,684	( 255)	-	6	1,435
Foreign investment losses under equity method	-	38,342	-	-	38,342
Exchange differences on the translation of the foreign operation	22,314	-	( 6,535)	-	15,779
Unrealized exchange loss	2,585	973	-	-	3,558
Subtotal	<u>\$ 35,407</u>	<u>\$ 35,347</u>	<u>(\$ 6,535)</u>	<u>\$ 101</u>	<u>\$ 64,320</u>
- Deferred income tax liabilities:					
Foreign investment at equity method	(\$ 10,312)	\$ 10,312	\$ -	\$ -	\$ -
Remeasurement of defined benefit plan	( 4,420)	( 65)	( 1,088)	-	( 5,573)
Unrealized exchange gain	( 1,039)	1,039	-	-	-
Profit or loss of Gain from financial assets valuation at fair value	( 434)	-	434	-	-
Subtotal	<u>(\$ 16,205)</u>	<u>\$ 11,286</u>	<u>(\$ 654)</u>	<u>\$ -</u>	<u>(\$ 5,573)</u>
Total	<u>\$ 19,202</u>	<u>\$ 46,633</u>	<u>(\$ 7,189)</u>	<u>\$ 101</u>	<u>\$ 58,747</u>

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

December 31, 2023					
Region	Year of occurrence	Declared/ Approved	Amount not yet deducted	Amount of unrecognized deferred income tax assets	Final deduction year
Taiwan	2021	\$ 96,111	\$ 96,111	\$ 96,111	2031
Taiwan	2022	65,944	65,944	65,944	2032
Taiwan	2023	184,348	184,348	184,348	2033
China	2019	109,737	109,737	109,737	2024
China	2020	158,663	158,663	158,663	2025
China	2021	114,426	114,426	114,426	2026
China	2022	272,017	272,017	272,017	2027
China	2023	26,941	26,941	26,941	2028

December 31, 2023					
Region	Year of occurrence	Declared/ Approved	Amount not yet deducted	Amount of unrecognized deferred income tax assets	Final deduction year
Taiwan	2021	\$ 105,350	\$ 105,350	\$ 105,350	2031
Taiwan	2022	68,176	68,176	68,176	2032
China	2018	99,169	99,169	99,169	2023
China	2019	109,737	109,737	109,737	2024
China	2020	158,663	158,663	158,663	2025
China	2021	114,426	114,426	114,426	2026
China	2022	272,017	272,017	272,017	2027

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

(XXIX) Losses per share

	2023		
	After-tax income	Weighted average outstanding shares (thousand shares)	Losses per share (NTD)
<u>Basic losses per share</u>			
Net loss for the period attributable to the parent company's common stock shareholders	(\$ 316,830 )	327,962	(\$ 0.97)
			2022
	2022		
	After-tax income	Weighted average outstanding shares (thousand shares)	Losses per share (NTD)
<u>Basic losses per share</u>			
Net loss for the period 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.

(XXX) Supplementary information on cash flow

1. Partial cash payment investment activities:

	2023	2022
Purchase of land use rights	\$ 133,092	\$ -
Less: payables at end of period	( 6,840)	-
Cash paid in current period	<u>\$ 126,252</u>	<u>\$ -</u>
	2023	2022
Purchase of property, plant and equipment	\$ 219,373	\$ 132,869
Less: payables for equipment, ending	( 4,158)	-
Cash paid in current period	<u>\$ 215,215</u>	<u>\$ 132,869</u>

2. Financing activities that do not affect cash flow:

	2023	2022
Exchange difference in the financial statement translation of the foreign operation	\$ 1,934	\$ 39,048
Unrealized losses of financial assets measured at fair value through other comprehensive income	<u>(\$ 4,006)</u>	<u>(\$ 77,562)</u>

(XXXI) Changes in liabilities from financing activities

	Lease liabilities	
	2023	2022
January 1	\$ 543,588	\$ 584,367
Changes in cash flow from financing activities (	48,354)	( 51,324)
New in current period	-	7,092
Other non-cash changes	( 6,078)	-
Impact of changes in exchange rate	( 6,392)	3,453
December 31	<u>\$ 482,764</u>	<u>\$ 543,588</u>

Besides lease liabilities, the Group'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 Group
Gwong-Yih Lee	Key management of the Group (Note)
TSE-TSAN CHEN	Key management of the Group (Note)
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.	"
Fuyu Precision Component Co., Ltd. and Subsidiaries	"
Note: On April 6, 2022, the Group's Chairman changed from Tse-Tsan Chen to Gwong-Yih Lee.	

(II) Significant transactions with the related party

1. Operating revenue

	<u>2023</u>	<u>2022</u>
Sale of goods:		
Affiliated companies	\$ 32,343	\$ -
Other related parties		
- Cloud Network	880,149	1,284,331
- Belkin	156,603	856,573
- Others	329	20,357
Total	<u>\$ 1,069,424</u>	<u>\$ 2,161,261</u>

Except for transactions with no similar transactions to follow, where the transaction terms are negotiated and determined by both parties, the selling prices of the Group to the aforementioned related parties are similar to the selling prices to ordinary customers. 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

	<u>2023</u>	<u>2022</u>
Purchase of commodities:		
Affiliated companies	\$ 112,934	\$ 70,017
Other related parties	174,789	332,000
Total	<u>\$ 287,723</u>	<u>\$ 402,017</u>

Except for transactions with no similar transactions to follow, where the transaction terms are negotiated and determined by both parties, all other transactions of the Group 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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable – the related party		
Affiliated companies	\$ -	\$ 1,331
Other related parties		
-Cloud Network	159,628	581,506
- Others	7	70,132
Total	<u>\$ 159,635</u>	<u>\$ 652,969</u>

4. Other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables – the related party		
Affiliated companies		
- Microelectronics Technology and its subsidiaries	\$ 35,316	\$ 37,457
Other related parties	879	1,954
Total	<u>\$ 36,195</u>	<u>\$ 39,411</u>

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

5. Accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable – the related party		
Affiliated companies	\$ 19,485	\$ 8,949
Other related parties	24,684	13,848
Total	<u>\$ 44,169</u>	<u>\$ 22,797</u>

6. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables – the related party		
Affiliated companies	\$ 399	\$ 218
Other related parties	11,986	17,789
Total	<u>\$ 12,385</u>	<u>\$ 18,007</u>

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

7. Lease transactions – Lessee

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

(2) Lease liabilities

A. Ending balance:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related parties	<u>\$ -</u>	<u>\$ -</u>

B. Interest expenses:

	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$ -</u>	<u>\$ 21</u>

8. Processing expenses

	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$ 3,070</u>	<u>\$ 5,501</u>

9. Labor service fee

	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$ 2,488</u>	<u>\$ 1,323</u>

10. Property transaction

(1) Acquisition of property, plant, and equipment

	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$ -</u>	<u>\$ 659</u>

(2) Disposal of property, plant, and equipment

	<u>2023</u>		<u>2022</u>	
	<u>Disposal proceeds</u>	<u>Disposal gain</u>	<u>Disposal proceeds</u>	<u>Disposal gain</u>
Other related parties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,492</u>	<u>\$ 954</u>

(3) Acquisition of financial assets

	Account item	Number of shares traded	Target traded	2023
				Price of acquisition
Affiliated companies - Microelectronics Technology	Investment at equity method	2,212 thousand shares	Amount paid in shares	\$ 63,042
	Account item	Number of shares traded	Target traded	2022
				Price of acquisition
Affiliated companies - Microelectronics Technology	Investment at equity method	1,837 thousand shares	Amount paid in shares	\$ 95,511

11. Freight costs

	2023	2022
Other related parties	\$ 22,411	\$ 39,733

12. Rental revenue

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

The Group 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

	December 31, 2023	December 31, 2022
Affiliated companies - Microelectronics Technology and its subsidiaries	\$ 5,765	\$ 5,765
Other related parties	611	349
Total	\$ 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
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 Group's assets provided as collateral are as follows:

Asset item	Book value		Purpose of collateral
	December 31, 2023	December 31, 2022	
Time deposit (listed financial assets measured at amortized cost)	\$ 22,504	\$ 22,945	Guarantee deposits of superficies, guarantees for customs duties

### IX. Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts

#### (I) Contingency

None.

#### (II) Commitments

As of December 31, 2023, the total contract price of the signed construction project was NTD 774,000 (VND 64,500,000 thousand), of which NTD 125,473 was paid and NTD 648,527 was yet to be paid.

### X. Losses Due to Major Disasters

None.

### XI. Significant Subsequent Events

None.

### XII. Others

#### (I) Capital Management

The Group's capital management objective is intended to protect the Group'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 Group 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
<u>Financial assets</u>		
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 fair value through other comprehensive income		
Selection of specified equity instrument investment	10,464	18,235
Financial assets measured at amortized cost	3,729,442	3,960,282
	<u>\$ 3,741,519</u>	<u>\$ 3,978,517</u>

	December 31, 2023	December 31, 2022
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost	\$ 1,663,190	\$ 1,729,644
Lease liabilities	482,764	543,588
	<u>\$ 2,145,954</u>	<u>\$ 2,273,232</u>

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 an impact on the daily operation of the Group, 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 Group's financial performance, the Group used forward exchange contracts to hedge the risk of exchange rate. The derivative tools used by the Group is for hedging purpose instead of trading or speculation.
- (2) The risk management work is executed by the Group's financial department based on the policy approved by the board of directors. The Group's financial department is responsible for identifying, evaluating and hedging financial risks by the close cooperation with each business unit in the Group. 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 Group is a multinational corporation. Therefore, the exchange rate risk resulted from transactions with functional currency relatively different from the Company and its subsidiaries mainly involve USD, RMB and VND. Related exchange rate risks come from the future commercial transactions and recognized assets and liabilities.
- B. The management of the Group has established policy that regulates the management of the exchange rate risk which is relative to the functional currency of the Companies in the Group. Each Company shall adopt hedging policy against the overall exchange rate risk via the Group's financial department. The exchange rate risk is measured by the expected transactions with high possibility of generating USD, RMB and VND expenses which adopt forward exchange contract to reduce impact of exchange rate fluctuation on the expected purchase inventory cost.
- C. The Group's business lines involved some non-functional currencies (the functional currency of the Company and some of its subsidiaries was NTD, and that of some subsidiaries is USD, RMB and VND). 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						
	Foreign currency (thousand dollars)	Exchange rate	Book amount (NTD)	Sensitivity analysis		
				Range of change	Impact on profit or loss	Impact on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 30,279	30.705	\$ 929,717	2%	\$ 14,875	\$ -
RMB : NTD	2,150	4.327	9,303	2%	149	-
USD : VND	805	25,587.500	24,718	2%	395	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	23,071	30.705	708,395	2%	11,334	-
USD : VND	19,617	25,587.500	602,340	2%	9,637	-
December 31, 2022						
	Foreign currency (thousand dollars)	Exchange rate	Book amount (NTD)	Sensitivity analysis		
				Range of change	Impact on profit or loss	Impact on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 71,481	30.710	\$ 2,195,182	2%	\$ 35,123	\$ -
RMB : NTD	2,149	4.408	9,473	2%	152	-
USD : RMB	824	6.957	25,271	2%	404	-
USD : VND	917	23,898.833	26,408	2%	423	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	91,507	30.710	2,810,180	2%	44,963	-

- D. The Group'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(15,733) and NTD(74,939) in 2023 and 2022, respectively.

#### Price risk

- A. The Group's equity instruments exposed to price risk are the holding financial assets measured at the fair value through profit or loss and financial assets measured at the fair value through other comprehensive income. To manage the price risk of the equity instrument investment, the Group separated the investment portfolio and the separation method is based on the limited amount set by the Group.
- B. The Group mainly invested in the equity instruments issued at home and abroad and the price of such equity instrument is affected by the uncertainty of the investment's future value. If the price of the equity instrument increases or decreases by 1% and all other factors remain unchanged, the other comprehensive income in 2023 and 2022 will increase or decrease by NTD 105 and NTD 182 as a result of the profit or loss in equity instrument measured at fair value through other comprehensive income.

(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 counterparty fail to fulfill the contracts. This is mainly due to the trading counterparty not being able to pay the accounts payable based on the payment conditions and the contractual cash flows of debt instrument investment classified as measured at amortized cost.
- B. The Group established the credit risk management in the Group's aspect. For trading banks and financial institutes, only those with good credit can be accepted as trading counterparties. According to the loan policy expressly defined internally, each business department within the Group 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 Group adopts IFRS 9 for presumption that when the contract payment past due for over 90 days based on the agreed payment terms, the Group takes it as a default of the contract.
- D. The following presumption provided by the Group 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 Group'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 Group classified the customer's accounts receivable based on customer rating and the characteristics of the customer. They used the reserve matrix as the basis, with a simplified approach to estimate the expected credit losses.
- G. The Group offsets the amount of recoverable financial assets which cannot be reasonably expected after the recourse procedure. However, the Group will continue the legal recourse procedure to protect the creditor's right. As of December 31, 2023 and 2022, the Group does not have creditor's right which was written off with means of recourse.
- H. The Group 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%	
Total book value	\$ 959,767	\$ 11,027	\$ 2,431	\$ -	\$ -	973,225
Allowance loss	7,288	152	36	-	-	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%	
Total book value	\$ 1,994,497	\$ 331	\$ 2,257	\$ -	\$ -	1,997,085
Allowance loss	19,566	10	66	-	-	19,642

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

	December 31, 2023	December 31, 2022
	Accounts receivable	Accounts receivable
Undue	\$ 959,767	\$ 1,994,497
Within 90 days	11,027	331
91–180 days	2,431	2,257
	<u>\$ 973,225</u>	<u>\$ 1,997,085</u>

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

J. The Group'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	<u>\$ 7,476</u>	<u>\$ 19,642</u>

(3) Liquidity risk

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

	Within 1 year	Within 1 to 2 years	Within 2 to 5 years	Over 5 years
December 31, 2023				
Deposit received	\$ 262	\$ 349	\$ 5,765	\$ 456
Lease liabilities	67,943	68,247	201,220	221,764
	<u>\$ 68,205</u>	<u>\$ 68,596</u>	<u>\$ 206,985</u>	<u>\$ 222,220</u>

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	67,944	65,370	189,940	285,265
	<u>\$ 74,058</u>	<u>\$ 65,370</u>	<u>\$ 189,940</u>	<u>\$ 285,721</u>

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

(III) Fair value information

- 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 Group belongs to this level.

Level 3: Inputs for the asset or liability that are not based on. All the equity instruments invested by the Group for which there is no active market belong to this category.

- The following is the analysis regarding the Group'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	Level 1	Level 2	Level 3	Total
<u>Recurring fair value assets:</u>				
Financial assets measured at fair value through profit or loss	\$ -	\$ 1,613	\$ -	\$ 1,613
Financial assets measured at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 10,464	\$ 10,464
<u>Recurring fair value liability:</u>				
December 31, 2022	Level 1	Level 2	Level 3	Total
<u>Recurring fair value assets:</u>				
Financial assets measured at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 18,235	\$ 18,235

- The methods and assumptions used by the Group to measure fair value is as follows:
  - The Group'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:
 

	<u>TWSE/TPEX listed stocks</u>
Quoted market price	Closing price
  - 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 consolidated 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 Group 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 Group 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 Group, respectively.
4. There was no transfer between level 1 and level 2 in 2023 and 2022.
  5. The following statement is the changes in level 3 in 2023 and 2022:

	Equity instruments	
	2023	2022
January 1	\$ 18,235	\$ 69,721
Loss recognized under other comprehensive income	( 7,764 )	( 55,728 )
Foreign exchange rate effect	( 7 )	4,242
December 31	\$ 10,464	\$ 18,235

6. There was no transfer-in and transfer-out from level 3 in 2023 and 2022.
7. For the Group's evaluation process for fair value classified as level 3, the finance department is responsible to conduct the independent fair value validation of the financial instrument. The department confirms the reasonableness of the evaluation result by making the evaluation result closer to the market status with information from independent sources, confirming the information source is independent, reliable and consistent with other resources and represents executable price, regularly calibrating evaluation model, conducting roll-back test, updating required input value and data as well as other necessary fair value adjustment for evaluation model.
8. For the evaluation model used by the measurement item of level 3 fair value, the quantitative information of unobservable major input and sensitivity analysis for the changes in unobservable major input are as follows:

	Fair value on December 31, 2023	Evaluation technology	Unobservable major input	Relationship between input and fair value
Non-derivative equity instruments: stocks of venture capital companies	\$ 10,464	Net asset value method	N/A	N/A
	Fair value on December 31, 2022	Evaluation technology	Unobservable major input	Relationship between input and fair value
Non-derivative equity instruments: stocks of venture capital companies	\$ 18,235	Net asset value method	N/A	N/A

### 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 I.
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: Please refer to Attachment 3.
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 4.
8. Accounts receivable from the related party reaching NTD 100 million or more than 20% of the paid-in capital: Please refer to Attachment 5.
9. Engagement in derivatives trading: 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 6

#### (II) Information related to reinvested enterprises

Information related to the invested company, such as names and locations, etc. (excluding the invested company in China): Please refer to Attachment 7.

#### (III) Information about investment in Mainland China

1. Basic information: Please refer to Attachment 8.
2. Major transactions with the invested company in China either directly or indirectly with occurrence through third regions: Please refer to Attachment 9.

#### (IV) Major Shareholder information

Major Shareholder information: None.

### XIV. Business Segment Information

#### (I) General information

The Company only engages in one industry and the Group's operating decision maker, the board of directors, adopts the overall group financial statements to evaluate performance and distribute resources. Therefore, the Company is identified as a single reportable segment.

#### (II) Segment Information Measurement

The Group is a single reportable segment. The Group's operating decision maker, the board of directors, adopts profit after tax in the financial statements for measurement and as the basis of performance evaluation. Therefore, the business segment information is consistent with the information of the main financial statements.

(III) Information by product type and labor service:

The Group manufactures and sells broadband network security router and wireless LAN products. The Group belongs to one industry since its product feature and manufacturing process are similar while the market and sales methods are the same. Therefore, the disclosure of industrial information is not applicable.

(IV) Information by regions

The Group's information by region in 2023 and 2022 is as follows:

	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
America	\$ 2,288,710	\$ 935	\$ 3,872,880	\$ 1,327
Europe	932,378	-	1,377,322	-
Asia	480,958	1,475,090	302,780	1,332,680
Australia	103,347	-	200,360	-
Total	\$ 3,805,393	\$ 1,476,025	\$ 5,753,342	\$ 1,334,007

(V) Important customer information

The following are details regarding the customers of the Group whose revenue accounted for more than 10% of the revenue in the statement of comprehensive income in 2023 and 2022:

2023		
Customer name	Sales amount	Ratio of revenue in statement of comprehensive income
A	\$ 880,149	23.13%
B	838,037	22.02%
C	766,165	20.13%
D	471,611	12.39%
E	381,629	10.03%

2022		
Customer name	Sales amount	Ratio of revenue in statement of comprehensive income
A	\$ 1,915,448	33.29%
B	1,284,331	22.32%
C	856,694	14.89%
D	807,061	14.03%

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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 an 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

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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		December 31, 2022	
			Amount	%	Amount	%
	<b>Current assets</b>					
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	<b>Total current assets</b>		<u>3,335,821</u>	<u>54</u>	<u>4,312,925</u>	<u>61</u>
	<b>Non-current assets</b>					
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	<b>Total non-current assets</b>		<u>2,872,108</u>	<u>46</u>	<u>2,731,366</u>	<u>39</u>
1XXX	<b>Total assets</b>		<u>\$ 6,207,929</u>	<u>100</u>	<u>\$ 7,044,291</u>	<u>100</u>

(To be continued)

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

Unit: NTD thousand

Liabilities and equity			December 31, 2023		December 31, 2022	
			Amount	%	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 Significant Subsequent Events	9 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		2022	
			Amount	%	Amount	%
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		<u>180,663</u>	<u>5</u>	<u>193,092</u>	<u>3</u>
	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)	<u>12,166</u>	<u>-</u>	<u>( 12,286)</u>	<u>-</u>
6000	Total operating expenses		<u>( 398,483)</u>	<u>( 11)</u>	<u>( 362,728)</u>	<u>( 6)</u>
6900	Operating losses		<u>( 217,820)</u>	<u>( 6)</u>	<u>( 169,636)</u>	<u>( 3)</u>
	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)	<u>( 374,160)</u>	<u>( 10)</u>	<u>( 339,198)</u>	<u>( 6)</u>
7000	Total non-operating income and expense		<u>( 151,303)</u>	<u>( 4)</u>	<u>( 258,763)</u>	<u>( 4)</u>
7900	<b>Net profit before tax</b>		<u>( 369,123)</u>	<u>( 10)</u>	<u>( 428,399)</u>	<u>( 7)</u>
7950	Income tax benefits	6(26)	<u>52,293</u>	<u>2</u>	<u>61,725</u>	<u>1</u>
8200	<b>Current net loss</b>		<u><u>(\$ 316,830)</u></u>	<u><u>( 8)</u></u>	<u><u>(\$ 366,674)</u></u>	<u><u>( 6)</u></u>
	<b>Other comprehensive income</b>					
	<b>Items not reclassified to profit or loss</b>					
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)	<u>( 5,453)</u>	<u>-</u>	<u>( 69,487)</u>	<u>( 1)</u>
8349	Income tax related to items not reclassified	6(26)	<u>( 408)</u>	<u>-</u>	<u>( 1,088)</u>	<u>-</u>
8310	Total of items not reclassified to profit or loss		<u>( 3,820)</u>	<u>-</u>	<u>( 65,137)</u>	<u>( 1)</u>
	<b>Items may be reclassified to profit or loss subsequently</b>					
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)	<u>562</u>	<u>-</u>	<u>12,912</u>	<u>-</u>
8399	Income tax related to items may be reclassified	6(18)(26)	<u>( 343)</u>	<u>-</u>	<u>( 6,535)</u>	<u>-</u>
8360	Total of items may be reclassified to profit or loss subsequently		<u>1,934</u>	<u>-</u>	<u>39,048</u>	<u>-</u>
8300	<b>After-tax income of other comprehensive losses for the year</b>		<u><u>(\$ 1,886)</u></u>	<u><u>-</u></u>	<u><u>(\$ 26,089)</u></u>	<u><u>( 1)</u></u>
8500	<b>Total comprehensive loss for the period</b>		<u><u>(\$ 318,716)</u></u>	<u><u>( 8)</u></u>	<u><u>(\$ 392,763)</u></u>	<u><u>( 7)</u></u>
	Basic losses per share					
9750	Total basic losses per share	6(27)	<u><u>(\$ 0.97)</u></u>		<u><u>(\$ 1.12)</u></u>	

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

		Retained earnings					Other equity				
							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
	Notes	Common stock	Capital reserves	Legal reserve	Special reserve	Undistributed earnings					
<u>2022</u>											
		\$ 3,286,054	\$ 572,050	\$ 821,042	\$ 187,892	\$ 701,395	(\$ 118,968 )	(\$ 3,186 )	\$ -	\$ -	\$ 5,446,279
		-	-	-	-	( 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				
						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
Notes	Common stock	Capital reserves	Legal reserve	Special reserve	Undistributed earnings					
<u>2023</u>										
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
<u>Cash flow from operating activities</u>			
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)		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 )
<u>Cash flow from investing activities</u>			
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
<u>Cash flow from financing activities</u>			
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 (The useful life of interior construction is 3–10 years)	3–41 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) Income Tax

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
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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	<u>\$ 150,044</u>	<u>(\$ 1,896)</u>	<u>\$ 148,148</u>

	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	<u>\$ 104,528</u>	<u>(\$ 2,866)</u>	<u>\$ 101,662</u>

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
	<u>\$ 3,619,365</u>	<u>\$ 5,543,955</u>

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	<u>\$ 1,451,362</u>	<u>\$ 1,606,377</u>

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 December 31, 2023	Shareholding ratio December 31, 2022	Nature of relationship	Measurement method
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)
	<u>\$ 539,284</u>	<u>\$ 32,848</u>	<u>\$ 29,326</u>	<u>\$ 601,458</u>
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	<u>\$ 517,404</u>	<u>\$ 27,155</u>	<u>\$ 21,144</u>	<u>\$ 565,703</u>
December 31, 2023				
Costs	\$ 872,704	\$ 105,748	\$ 109,999	\$ 1,088,451
Accumulated depreciation	( 355,300)	( 78,593)	( 88,855)	( 522,748)
	<u>\$ 517,404</u>	<u>\$ 27,155</u>	<u>\$ 21,144</u>	<u>\$ 565,703</u>

	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)
	<u>\$ 563,243</u>	<u>\$ 31,426</u>	<u>\$ 16,491</u>	<u>\$ 611,160</u>
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	<u>\$ 539,284</u>	<u>\$ 32,848</u>	<u>\$ 29,326</u>	<u>\$ 601,458</u>
December 31, 2022				
Costs	\$ 873,594	\$ 104,254	\$ 107,390	\$ 1,085,238
Accumulated depreciation	( 334,310)	( 71,406)	( 78,064)	( 483,780)
	<u>\$ 539,284</u>	<u>\$ 32,848</u>	<u>\$ 29,326</u>	<u>\$ 601,458</u>

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
	<u>\$ 207,889</u>	<u>\$ 227,264</u>
	2023	2022
	Depreciation expenses	Depreciation expenses
Land	\$ 17,341	\$ 17,341
House	323	1,477
Transportation equipment	1,337	669
	<u>\$ 19,001</u>	<u>\$ 19,487</u>

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
	<u>\$ 5,148</u>	<u>\$ 5,459</u>

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	<u>\$ 169,231</u>	<u>\$ 33,496</u>

(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	<u>\$ 213,217</u>	<u>\$ 209,021</u>

(XI) Short-term loans

Nature of loan	December 31, 2023	Interest rate interval	Collateral
Bank loans – credit loans	<u>\$ 39,916</u>	6.15%	None
Nature of loan	December 31, 2022	Interest rate interval	Collateral
Bank loans – credit loans	<u>\$ 449,955</u>	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	<u>\$ 49,521</u>	<u>\$ 45,227</u>

- (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)	( 285)	896	611
Revenue	1,639	-	1,639
Service cost in the previous period	<u>( 21,591)</u>	<u>68,968</u>	<u>47,377</u>
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	<u>1,700</u>	<u>-</u>	<u>1,700</u>
	<u>1,488</u>	<u>553</u>	<u>2,041</u>
Pension contributed	-	103	103
Balance, December 31	<u>( \$ 20,103)</u>	<u>\$ 69,624</u>	<u>\$ 49,521</u>

	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
	\$	<u>22,045</u>

- (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
	For transfer of shares to		
The Company	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 exceeding 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	<u>\$ 484,632</u>	<u>\$ 59,187</u>	<u>\$ 69,891</u>	<u>\$ 8,968</u>	<u>\$ 622,678</u>
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	<u>\$ 484,632</u>	<u>\$ 57,470</u>	<u>\$ 69,702</u>	<u>\$ 8,968</u>	<u>\$ 620,772</u>

(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	<u>\$ 40,238</u>		<u>(\$ 45,093)</u>	

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	<u>\$ 3,800,028</u>	<u>\$ 5,737,047</u>

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:

	Europe Communication product	America Communication product	Asia Communication product	Australia Communication product	Other departments	Total
2023 Revenue from external customer contracts	<u>\$ 928,615</u>	<u>\$ 1,850,084</u>	<u>\$ 96,728</u>	<u>\$ 103,347</u>	<u>\$ 821,254</u>	<u>\$ 3,800,028</u>
	Europe Communication product	America Communication product	Asia Communication product	Australia Communication product	Other departments	Total
2022 External customer contracts Revenue	<u>\$ 1,377,322</u>	<u>\$ 3,627,064</u>	<u>\$ 289,930</u>	<u>\$ 200,360</u>	<u>\$ 242,371</u>	<u>\$ 5,737,047</u>

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	<u>\$ 26,862</u>	<u>\$ 16,333</u>

(XX) Interest revenue

	2023	2022
Interest revenue	<u>\$ 25,112</u>	<u>\$ 10,998</u>

(XXI) Other revenue

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



(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	<u>\$ 134,947</u>	<u>\$ 18,220</u>

(XXIII) Financial Costs

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

(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
	<u>\$ 365,836</u>	<u>\$ 309,768</u>

(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
	<u>\$ 315,532</u>	<u>\$ 262,523</u>

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	<u>\$ 63,003</u>	<u>\$ 53,802</u>	<u>(\$ 343)</u>	<u>\$ 116,462</u>
- Deferred income tax liabilities:				
Remeasurement of defined benefit plan	(\$ 5,573)	(\$ 450)	(\$ 408)	(\$ 6,431)
Total	<u>\$ 57,430</u>	<u>\$ 53,352</u>	<u>(\$ 751)</u>	<u>\$ 110,031</u>
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	<u>\$ 27,159</u>	<u>\$ 42,379</u>	<u>( \$ 6,535)</u>	<u>\$ 63,003</u>
- 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	<u>(\$ 15,770)</u>	<u>\$ 11,285</u>	<u>(\$ 1,088)</u>	<u>(\$ 5,573)</u>
Total	<u>\$ 11,389</u>	<u>\$ 53,664</u>	<u>(\$ 7,623)</u>	<u>\$ 57,430</u>

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)
<u>Basic losses per share</u>		
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)
<u>Basic earnings per share</u>		
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	<u>\$ 217,947</u>	<u>\$ 235,989</u>

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

<u>Name of the related party</u>	<u>Relationship with the Company</u>
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.	"
	The Company is the ultimate parent company of such company
CyberTAN Technology (HONG KONG) Limited	"
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

	<u>2023</u>	<u>2022</u>
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
	<u>\$ 1,086,725</u>	<u>\$ 2,161,261</u>

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

	<u>2023</u>	<u>2022</u>
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
	<u>\$ 3,027,635</u>	<u>\$ 5,870,655</u>

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
	<u>\$ 162,349</u>	<u>\$ 652,969</u>

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
	<u>\$ 380,710</u>	<u>\$ 946,450</u>

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
	<u>\$ 36,607</u>	<u>\$ 19,541</u>

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
	<u>\$ 7,969</u>	<u>\$ 3,356</u>

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 term 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
		Number of shares traded	Target traded	Price of acquisition
Affiliated companies	Account item			
	Investment at equity method	2,212 thousand shares	Amount paid in shares	\$ 63,042
				2022
		Number of shares traded	Target traded	Price of acquisition
Affiliated companies	Account item			
	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
	<u>\$ 71,086</u>	<u>\$ 72,134</u>

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
	<u>\$ 6,376</u>	<u>\$ 6,114</u>

## 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	<u>\$ 31,085</u>	<u>\$ 19,224</u>

## VIII. Pledged Assets

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

Asset item	Book value		Purpose of collateral
	December 31, 2023	December 31, 2022	
Time deposit (listed financial assets measured at amortized cost)	<u>\$ 22,504</u>	<u>\$ 22,504</u>	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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
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
	<u>\$ 3,472,452</u>	<u>\$ 4,206,860</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost	\$ 1,061,890	\$ 1,584,086
Lease liabilities	217,947	235,923
	<u>\$ 1,279,837</u>	<u>\$ 1,820,009</u>

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

December 31, 2022

	Foreign currency (thousand dollars)	Exchange rate	Book amount (NTD)	Sensitivity analysis		
				Range of change	Profit or loss affected	Other comprehensive income affected
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 68,193	30.705	\$ 2,094,207	2%	\$ 33,507	\$ -
RMB : NTD	2,149	4.327	9,473	2%	152	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
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
		<u>\$ 973,273</u>	<u>\$ 1,994,852</u>

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	<u>\$ 7,476</u>	<u>\$ 19,642</u>

(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

	Within 1 year	Within 1 to 2 years	Within 2 to 5 years	Over 5 years
December 31, 2023				
Deposit received	\$ 262	\$ 349	\$ 5,765	\$ 456
Lease liabilities	22,222	21,326	61,908	142,294
	<u>\$ 22,484</u>	<u>\$ 21,675</u>	<u>\$ 67,673</u>	<u>\$ 142,750</u>

Non-derivative  
financial liabilities

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

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

(III) Fair value information

- 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
<u>Repetitive fair value</u>				
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:

	<u>TWSE/TPEX listed stocks</u>
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

Unit: NTD thousand

Statement 1

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 715 thousand Exchange rate USD 30.705	21,940
	Current deposit in 2,150 Exchange rate RMB thousand 4.327	9,304
	Current deposit in other foreign currency	425
Time deposit – NTD		522,353
Cash equivalents – repurchase bonds		489,189
Total		<u>\$ 1,116,036</u>



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

Statement 2

Unit: NTD thousand

Customer name	Amount	Remarks
<u>Accounts receivable</u>		
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	<u>\$ 803,448</u>	
<u>Accounts receivable – the related party</u>		
Cloud Network	\$ 159,573	
Others	2,776	Balance of each customer not exceeding 5% of the account amount
Total	<u>\$ 162,349</u>	

CyberTAN Technology Inc.  
Inventory  
December 31, 2023

Statement 3

Unit: NTD thousand

Item	Amount		Remarks
	Costs	Market price	
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	<u>\$ 150,993</u>	
Less: Allowance for inventory valuation loss	( 1,896)		
Net Amount	<u>\$ 148,148</u>		

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

Statement 4

Unit: NTD thousand

Name of invested company	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	Collateral and mortgage
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding ratio	Amount	Total price	
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	"
		<u>\$ 1,606,377</u>		<u>\$ 362,495</u>		<u>(\$ 522,513)</u>			<u>\$ 1,451,362</u>		

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

<u>Type of loans</u>	<u>Balance at ending of period</u>	<u>Loan duration</u>	<u>Interest rate interval</u>	<u>Financing quota</u>	<u>Collateral and mortgage</u>	<u>Remarks</u>
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

<u>Customer name</u>	<u>Amount</u>	<u>Remarks</u>
<u>Accounts payable</u>		
Others	\$ 800,155	Balance of each supplier not exceeding 5% of the account amount
<u>Accounts payable – the related party</u>		
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
	<u>\$ 36,607</u>	

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	
		<u>\$ 3,800,028</u>	

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
	<u>\$ 59,561</u>	



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
	<u>\$ 37,425</u>	

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
	<u>\$ 97,842</u>	

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
	<u>\$ 275,382</u>	

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 nature \ By function	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").

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

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.

**CyberTAN Technology Inc.**

**Chairman: Gwong-Yih Lee**