Stock Code:3380

ALPHA NETWORKS INC.

Parent-Company-Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: No. 8, Li-shing 7th Road, Science-based Park, Hsinchu, Taiwan (R.O.C.)

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The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Alpha Networks Inc.:

Opinion

We have audited the parent-company-only financial statements of Alpha Networks Inc. ("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context 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 these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition from contracts with customers

   Please refer to note 4(15) and note 6(20) for accounting policy and detailed disclosure of revenue, respectively, of the notes to the parent-company-only financial statements.

   Description of key audit matter:

   The Company's major revenue is derived from the sales of goods to its customers. Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure its performance obligation has been satisfied by transferring its control over a product to its customer. Therefore, revenue recognition is one of our key audit matters.

KPMG, a Taiwan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company's internal controls surrounding the sales process and cash collection transaction process; analyzing the terms and types of the major sales transactions and assessing whether they were recorded in the proper period; selecting samples of sales transactions within the period before and after the balance sheet date, to recognize when the performance obligation has been satisfied by transferring control over the goods to a customer in order to determine whether they have been recorded in a proper period.

2. Valuation of inventories

Please refer to the note 4(7) for the accounting policy, note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and note 6(4) for summary of inventory.

Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value at the reporting date. The net realizable value of the inventory is determined by the Company based on the assumptions of the estimated selling price of the products. The rapid development of technology and introduction of new products may significantly change market demand and cause market price fluctuation, which may lead to product obsolescence and the cost of inventory to be higher than the net realizable value. Therefore, the valuation of inventory is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory of aging report and analyzing the fluctuation of inventory aging; selecting samples to verify the accuracy of the net realizable value of inventories and inventory aging report prepared by the Company; evaluating whether the valuation of inventories was accounted for in accordance with the Company's accounting policies; and assessing the historical reasonableness of the management's estimates on inventory provisions.

3. Evaluation of investments accounted for using equity method

Please refer to note 4(9) investment in subsidiaries for accounting policy; and note 6(7) investment in equity-accounted investees, for the evaluation description of the investments accounted for using equity method.

Description of key audit matters:

The Company holds 62.24% shares of Hitron Technologies Inc. ("Hitron Technologies"). Due to the significant amount of investment in Hitron Technologies and the fluctuations in the products selling price of Hitron Technologies are influenced by the competitive market environment for Netcom products as well as the rapid development of product functions, thus, the assessment of revenue recognition and inventories valuation of subsidiaries are crucial. Therefore, it is considered to be one of the key areas in our audit.

How the matter was addressed in our audit:

We reviewed the component audit workpapers to evaluate the main audit procedures for revenue recognition and inventories valuation under the investment entities accounted for using equity method. The main audit procedures for revenue recognition included analysis of the policies on revenue recognition, the sampling test used to support the appropriateness of revenue recognition, and the execution of period-end cut-off tests used to confirm the attribution period of significant sales revenue. The main audit procedures for inventories valuation included the understanding of the accounting treatment for inventory measurement, sampling test of market information, evaluation of the rationality of the net realizable value of inventory, and observation of the slow-moving inventory.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, 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 regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hai-Ning Huang and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)
February 27, 2024

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ALPHA NETWORKS INC.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 609,030	4	322,687	2
1110	Current financial assets at fair value through profit or loss (note 6(2))	30,168	-	-	-
1170	Accounts receivable, net (note 6(3))	2,309,216	15	1,934,353	12
1180	Accounts receivable due from related parties, net (notes 6(3) and 7)	1,474,837	10	1,976,987	12
1210	Other receivables due from related parties (note 7)	-	-	176,867	1
130x	Inventories (note 6(4))	857,822	6	1,556,686	9
1461	Non-current assets held for sale (note 6(6))	109,632	1	-	-
1470	Other current assets (notes 6(11) and 7)	96,663	1	77,332	-
		5,487,368	37	6,044,912	36
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(2))	31,429	-	31,429	-
1535	Non-current financial assets at amortized cost (notes 6(3), (5) and 8)	18,428	-	18,717	-
1550	Investment accounted for using equity method (note 6(7))	8,044,561	55	9,449,648	58
1600	Property, plant and equipment (notes 6(8) and 7)	707,444	5	677,140	4
1755	Right-of-use assets (note 6(9))	166,784	1	176,334	1
1780	Intangible assets (note 6(10))	186,725	1	202,515	1
1840	Deferred tax assets (note 6(17))	129,602	1	54,981	-
1990	Other non-current assets (notes 6(11))	22,256	-	35,819	-
		9,307,229	63	10,646,583	64
	Total assets	$ 14,794,597	100	16,691,495	100

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(12))	$ -	-	1,260,000	8
2120	Current financial liabilities at fair value through profit or loss (note 6(2))	778	-	2,415	-
2170	Accounts payable	1,378,265	9	1,039,355	6
2180	Accounts payable to related parties (note 7)	887,985	6	1,701,958	10
2209	Accrued expenses	302,608	2	442,620	3
2220	Other payables to related parties (note 7)	118,033	1	150,426	1
2230	Current tax liabilities	248,705	2	155,110	1
2250	Current provisions (note 6(13))	245,233	2	231,586	1
2280	Current lease liabilities (note 6(15))	12,266	-	12,927	-
2399	Other current liabilities (notes 6(14), (20) and 7)	1,224,302	8	921,711	6
		4,418,175	30	5,918,108	36
	Non-current liabilities:				
2570	Deferred tax liabilities (note 6(17))	84,047	-	73,492	-
2580	Non-current lease liabilities (note 6(15))	174,411	1	182,941	1
2640	Net defined benefit liability (note 6(16))	105,243	1	145,642	1
		363,701	2	402,075	2
	Total liabilities	4,781,876	32	6,320,183	38
	Equity (note 6(18)):				
3110	Ordinary shares	5,417,185	37	5,417,185	32
3200	Capital surplus	2,595,804	18	2,544,401	15
	Retained earnings:				
3310	Legal reserve	1,266,681	9	1,169,989	7
3320	Special reserve	226,548	1	447,091	3
3350	Unappropriated retained earnings	774,486	5	1,019,195	6
		2,267,715	15	2,636,275	16
3400	Other equity interest	(267,983)	(2)	(226,549)	(1)
	Total equity	10,012,721	68	10,371,312	62
	Total liabilities and equity	$ 14,794,597	100	16,691,495	100

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ALPHA NETWORKS INC.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue** (notes 6(20) and 7)	$ 18,254,966	100	20,346,112	100
5000	**Operating costs** (notes 6(4) and 7)	15,253,161	84	17,326,133	85
	Gross profit	3,001,805	16	3,019,979	15
5920	Add: Net changes in unrealized profit on sales to subsidiaries and associates (note 7)	(121,304)	-	(62,467)	-
	Realized gross profit	2,880,501	16	2,957,512	15
	Operating expenses (notes 7):				
6100	Selling expenses	368,122	2	447,703	2
6200	Administrative expenses	413,635	2	423,921	2
6300	Research and development expenses	1,380,005	8	1,284,273	6
6450	Expected credit loss (reversal gain) (note 6(3))	(537)	-	1,013	-
	Total operating expenses	2,161,225	12	2,156,910	10
	Net operating income	719,276	4	800,602	5
	Non-operating income and expenses:				
7010	Other income (note 6(23) and 7)	49,089	-	30,722	-
7020	Other gains and losses, net (note 6(24))	(24,634)	-	92,800	-
7050	Finance costs (note 6(25))	(17,128)	-	(21,000)	-
7070	Share of profit (loss) of subsidiaries (note 6(7))	(97,838)	-	131,519	1
7100	Interest income (note 6(22))	27,314	-	7,742	-
	Total non-operating income and expenses	(63,197)	-	241,783	1
	Profit before income tax	656,079	4	1,042,385	6
7950	Less: Income tax expense (note 6(17))	108,159	1	125,310	1
	Profit	547,920	3	917,075	5
8300	**Other comprehensive income (loss):**				
8310	**Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans (note 6(16))	(976)	-	49,510	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method (note 6(18))	12,036	-	8,106	-
	Components of other comprehensive income (loss) that may not be reclassified subsequently profit or loss	11,060	-	57,616	-
8360	**Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements (note 6(18))	(66,837)	-	265,970	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (notes 6(17) and (18))	13,367	-	(53,194)	-
	Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss	(53,470)	-	212,776	1
	Other comprehensive income (loss), net of income tax	(42,410)	-	270,392	1
8500	**Total comprehensive income**	**$ 505,510**	**3**	**1,187,467**	**6**
	Earnings per share (New Taiwan dollars) (note 6(19))				
	Basic earnings per share	**$ 1.01**		**1.69**	
	Diluted earnings per share	**$ 1.01**		**1.68**	

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ALPHA NETWORKS INC.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Equity related to non-current assets held for sale	Total other equity interest	Total equity
Balance at January 1, 2022	$ 5,417,185	2,583,772	1,127,420	448,804	472,330	2,048,554	(445,903)	(1,189)	-	(447,092)	9,602,419
Profit	-	-	-	-	917,075	917,075	-	-	-	-	917,075
Other comprehensive income	-	-	-	-	49,849	49,849	212,776	7,767	-	220,543	270,392
Total comprehensive income	-	-	-	-	966,924	966,924	212,776	7,767	-	220,543	1,187,467
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	42,569	-	(42,569)	-	-	-	-	-	-
Special reserve	-	-	-	(1,713)	1,713	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(379,203)	(379,203)	-	-	-	-	(379,203)
Donation from shareholders	-	13	-	-	-	-	-	-	-	-	13
Cash dividends from capital surplus	-	(54,172)	-	-	-	-	-	-	-	-	(54,172)
Changes in ownership interests in subsidiaries	-	14,788	-	-	-	-	-	-	-	-	14,788
Balance at December 31, 2022	5,417,185	2,544,401	1,169,989	447,091	1,019,195	2,636,275	(233,127)	6,578	-	(226,549)	10,371,312
Profit	-	-	-	-	547,920	547,920	-	-	-	-	547,920
Other comprehensive income (loss)	-	-	-	-	(976)	(976)	(53,470)	12,036	-	(41,434)	(42,410)
Total comprehensive income (loss)	-	-	-	-	546,944	546,944	(53,470)	12,036	-	(41,434)	505,510
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	96,692	-	(96,692)	-	-	-	-	-	-
Special reserve	-	-	-	(220,543)	220,543	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(915,504)	(915,504)	-	-	-	-	(915,504)
Donation from shareholders	-	16	-	-	-	-	-	-	-	-	16
Changes in ownership interests in subsidiaries	-	51,387	-	-	-	-	-	-	-	-	51,387
Equity related to non-current assets held for sale	-	-	-	-	-	-	43,579	-	(43,579)	-	-
Balance at December 31, 2023	**$ 5,417,185**	**2,595,804**	**1,266,681**	**226,548**	**774,486**	**2,267,715**	**(243,018)**	**18,614**	**(43,579)**	**(267,983)**	**10,012,721**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ALPHA NETWORKS INC.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023	2022
Cash flows from (used in) operating activities:			
Profit before tax	$	656,079	1,042,385
Adjustments:			
Adjustments to reconcile profit:			
Depreciation expense		116,520	92,557
Amortization expense		77,361	75,588
Expected credit loss (reversal gain)		(537)	1,013
Net (gain) loss on financial assets or liabilities at fair value through profit or loss		(29,390)	2,415
Interest expense		17,128	21,000
Interest income		(27,314)	(7,742)
Share of loss (profit) of subsidiaries		97,838	(131,519)
Loss (gain) on disposal of property, plant and equipment		82	(662)
Provisions for inventory obsolescence and devaluation loss		201,172	90,644
Unrealized loss from sales		121,304	62,467
Total adjustments to reconcile profit		574,164	205,761
Changes in operating assets and liabilities:			
Financial assets mandatorily at fair value through profit or loss		-	2,364
Notes and accounts receivable		(374,326)	(233,257)
Accounts receivable due from related parties		502,150	(781,434)
Inventories		497,692	(617,399)
Other current assets		(19,331)	12,184
Financial liabilities mandatorily at fair value through profit or loss		(2,415)	(1,905)
Accounts payable		338,910	116,964
Accounts payable to related parties		(813,973)	970,231
Other payable to related parties		(32,393)	18,187
Other current liabilities		171,913	422,752
Net defined benefit liability		(41,375)	(9,631)
Total changes in operating assets and liabilities		226,852	(100,944)
Total adjustments		801,016	104,817

(Continued)

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ALPHA NETWORKS INC.

Statements of Cash Flows (Continued)

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows generated from operations	1,457,095	1,147,202
Interest received	27,314	7,742
Interest paid	(17,950)	(20,345)
Income taxes paid	(164,255)	(21,927)
Net cash flows from operating activities	1,302,204	1,112,672
Cash flows from (used in) investing activities:		
Acquisition of other financial assets	-	(31,429)
Acquisition of investments accounted for using equity method	(945,537)	(646,542)
Cash dividends from investments accounted for using equity method	564,639	100,000
Proceeds from capital reduction of investments accounted for using equity method	1,557,924	-
Acquisition of property, plant and equipment	(107,041)	(133,880)
Proceeds from disposal of property, plant and equipment	285	2,785
Decrease (increase) in refundable deposits	289	(1,427)
Decrease (increase) in other receivables due from related parties	176,867	(2,032)
Acquisition of intangible assets	(61,571)	(74,274)
Decrease (increase) in other non-current assets	(13,256)	945
Net cash flows from (used in) investing activities	1,172,599	(785,854)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	4,470,000	12,406,781
Repayments of short-term borrowings	(5,730,000)	(12,637,021)
Payment of lease liabilities	(12,972)	(12,987)
Cash dividends distributed to shareholders	(915,504)	(433,375)
Donation from shareholders	16	13
Net cash flows used in financing activities	(2,188,460)	(676,589)
Net increase (decrease) in cash and cash equivalents	286,343	(349,771)
Cash and cash equivalents at beginning of period	322,687	672,458
Cash and cash equivalents at end of period	**$ 609,030**	**322,687**

See accompanying notes to parent-company-only financial statements.

ALPHA NETWORKS INC.

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2023 and 2022

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

1. Company history

ALPHA NETWORKS INC. (the "Company") was established by a spin-off arrangement whereby on August 16, 2003, D-Link Corporation ("D-Link") separated its operation business unit of original design manufacturing and original equipment manufacturing ("ODM/OEM") and had transferred its related operating assets and liabilities to the Company. The Company was then incorporated on September 4, 2003, through obtained the registration approval from the Hsinchu Science Park Bureau (HSPB). The registered address of the Company is No. 8, Li-shing 7th Road, Science-based Park, Hsinchu, Taiwan (R.O.C.).

The Company's main activities include the research, development, design, production and sale of broadband products, computer network systems, wireless local area networks ("LANs"), and related accessories.

On July 23, 2020, Qisda Corporation ("Qisda") acquired 19.02% of the Company's ordinary shares, before the acquisition, Qsida and its subsidiaries held 23.84%, totaling 42.86% of the ordinary shares, Qisda became the parent company after the acquisition.

2. Approval date and procedures of the financial statements:

These parent-company-only financial statements were authorized for issuance by the Board of Directors on February 27, 2024.

3. New standards, amendments and interpretations adopted:

(1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the new amendment, which do not have a significant impact on its parent-company-only financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

(2) The impact of IFRSs endorsed by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its parent-company-only financial statements:

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

(3) The impact of IFRSs issued by International Accounting Standards Board (the "IASB") but not yet endorsed by the FSC

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS 21 "Lack of Exchangeability"

4. Summary of material accounting policies:

The material accounting policies presented in the financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently to all periods presented in these financial statements.

(1) Statement of compliance

The Company's accompanying parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations").

(2) Basis of preparation

A. Basis of measurement

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

(a) Financial assets and liabilities at fair value through profit or loss are measured at fair value;

(b) Financial assets at fair value through other comprehensive income are measured at fair value;

(c) The net defined benefit liability is measured at the fair value of the plan assets less the present value of the defined benefit obligation.

B. Functional and presentation currency

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

(3) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date when fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

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

(a) an investment in equity securities designated as at fair value through other comprehensive income; or

(b) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

B. Foreign operations

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

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. For a partial disposal of the Company's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is expected to be realized within twelve months after the reporting period; or

D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

A. It is expected to be settled in its normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is due to be settled within twelve months after the reporting period; or

D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(5) Cash and cash equivalents

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

(6) Financial instruments

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

A. Financial assets

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

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

(a) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(b) Fair value through other comprehensive income (FVOCI)

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

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

Dividend income derived from equity investment is recognized in profit or loss on the date on which the Company's right to receive payment is established (usually the ex-dividend date).

(c) Fair value through profit or loss (FVTPL)

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

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

(d) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, guarantee deposits paid and other financial assets) and contract assets.

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

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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

(e) Derecognition of financial assets

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

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

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity instrument

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

(c) Financial liabilities

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

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

(d) Derecognition of financial liabilities

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

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

(e) Offsetting of financial assets and liabilities

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

C. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(7) Inventories

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

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

(8) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Company's accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(9) Investment in subsidiaries

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

The changes in the parent' s ownership interest in its subsidiaries that do not result in a loss of control are accounted as equity transactions.

(10) Property, plant and equipment

A. Recognition and measurement

Property, plant and equipments are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

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

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

B. Subsequent expenditure

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

C. Depreciation

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

Land is not depreciated.

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

(a) Buildings and improvements: 6 to 49 years

Buildings and building improvements constitute mainly buildings, mechatronic engineering and hydropower engineering, etc.

(b) Machinery and equipment: 3 to 6 years

(c) Transportation facilities: 5 to 6 years

(d) Office and other facilities: 3 to 6 years

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

(11) Lessee

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

A. As a lessee

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

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

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

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

(a) fixed payments, including in-substance fixed payments;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

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

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(d) there is a change of its assessment on whether it will exercise an extension or termination option; or

(e) there is any lease modifications

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

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

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheet.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office, warehouse, parking space, staff dormitory and printer that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(12) Intangible assets

A. Recognition and measurement

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

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

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

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

B. Subsequent expenditure

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

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets of 1 to 5 years, other than goodwill, from the date that they are available for use.

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

(13) Impairment of non-financial assets

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

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

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

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

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

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

(14) Provisions

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

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

(15) Revenue for contracts with customers

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

A. Sale of goods

The Company involves in research, develop, design, manufacture and sale of broadband products, wireless networking products, and computer network system equipment and components. The Company recognizes the revenue when the control of the product is transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. The Company's broadband products, wireless network products and computer network system equipment and its components are subject to standard warranty and are therefore subject to refund obligations.

The warranty liabilities have been recognized for this obligation, please refer to Note 6(13).

B. Product development services

The Company provides enterprise product development and recognizes the relevant revenue during the financial reporting period in which the services provided. Fixed price contracts are based on the proportion of services actually provided as a percentage of total services as of the reporting date. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. Under the fixed price contract, the customer pays a fixed amount in accordance with the agreed time schedule.

When the services provided exceed the payment, the contract assets are recognized; if the payment exceeds the services provided, the contract liabilities are recognized.

If the contract includes an hourly fee, revenue is recognized in the amount to which the Company has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

C. Financial component

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

(16) Government grants

The Company recognizes an unconditional government grant related to research and development in profit or loss as non-operating income when the grant becomes receivable. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Employee benefits

A. Defined contribution plans

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

B. Defined benefit plans

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

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

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

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

C. Short-term employee benefits

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

(18) Income tax

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

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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

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

A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses) at the time of the transaction and does not give rise to equal taxable and deductible temporary differences;

B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

C. taxable temporary differences arising on the initial recognition of goodwill.

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

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

A. The Company has a legal enforceable right to set off current tax assets against current tax liabilities; and

B. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(a) the same taxable entity; or

(b) different taxable entity which intends to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

(19) Earnings per share

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

(20) Operating segments

The Company has disclosed operating segment information in consolidated financial statements. Hence, this information is not required to be disclosed in these parent-company-only financial statements.

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

The preparation of the parent-company-only financial statements in conformity with the Regulations requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follow:

Valuation of inventories

Inventories are measured at the lower of cost or net realizable value, the Company uses judgments and estimates to determine the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. However, due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(4) for further description of the valuation of inventories.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 218	18
Checking and savings accounts	424,312	247,669
Time deposits	184,500	-
Cash equivalents	-	75,000
Cash and cash equivalents in the statement of cash flows	**$ 609,030**	**322,687**

Please refer to note 6(26) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

(2) Financial assets and liabilities

A. Financial assets and liabilities at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss – current		
Forward exchange contracts	$ 434	-
Foreign exchange swaps	29,734	-
	$ 30,168	**-**
Financial liabilities held for trading – current		
Forward exchange contracts	$ 148	479
Foreign exchange swaps	630	1,936
	$ 778	**2,415**

The Company uses derivative financial instruments to hedge the certain currency risk arising from its operating activities. The following derivative instruments, which were not qualified for hedge accounting, held by the Company, were recognized as financial assets at fair value through profit or loss and held-for-trading financial liabilities:

	December 31, 2023			
	Nominal principal (in thousands)		Currency	Maturity date
Forward exchange contracts	USD	13,000	USD to CNY	January 2024
Forward exchange contracts	USD	3,000	USD to NTD	January 2024
Forward exchange contracts	USD	800	USD to VND	January 2024
Foreign exchange swaps	CNY	10,000	CNY to NTD	January 2024
Foreign exchange swaps	USD	51,000	USD to NTD	January 2024

	December 31, 2022			
	Nominal principal (in thousands)		Currency	Maturity date
Forward exchange contracts	USD	17,000	USD to NTD	January 2023 ~ February 2023
Foreign exchange swaps	USD	26,000	USD to NTD	January 2023
Foreign exchange swaps	USD	5,000	CNY to USD	January 2023
Foreign exchange swaps	CNY	11,000	CNY to NTD	January 2023

B. Non-current financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Unlisted stocks – limited partnership	$ **31,429**	**31,429**

According to the agreements from the conference that held by the partners of Ignition Ventures, the lifetime of Ignition Ventures from October 2022 would be extended without limits. The carrying amount of above assets, which was classified as financial assets at fair value through other comprehensive income from the original investment, was $31,429 thousand as of December 31, 2023.

Based on the Q&A issued by FSC, the accounting treatment issued based on the IFRS Q&A dated June 15, 2023 need not be applied retroactively to investments in limited partnership companies prior to June 30, 2023. Thus, the Group continues to measure its limited partnership investment in Ignition Ventures at fair value through other comprehensive income.

(3) Accounts receivable, net

	December 31, 2023	December 31, 2022
Accounts receivable	$ 2,310,393	1,936,067
Less: loss allowances	(1,177)	(1,714)
	$ **2,309,216**	**1,934,353**

The overdue accounts receivable was reclassified to overdue receivables under financial assets measured at amortized cost–non-current and loss allowances are fully provided, please refer to note 6(5).

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information.

The analysis of expected credit loss on accounts receivables (including overdue receivable and accounts receivable due from related parties) was as follows:

	December 31, 2023		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 3,625,792	0%	-
Less than 90 days past due	157,296	0%	-
91 to 180 days past due	1,119	13.72%	154
More than 181 days past due	68,980	100%	68,980
	$ 3,853,187		**69,134**

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 3,505,057	0%	-
Less than 90 days past due	407,972	0.42%	1,714
91 to 180 days past due	25	0%	-
More than 181 days past due	67,957	100%	67,957
	$ 3,981,011		**69,671**

The movement in the allowance for accounts receivable (including the overdue receivable and accounts receivable due from related parties) were as follows:

	2023	**2022**
Balance at January 1	$ 69,671	68,658
Impairment loss (reversal) recognized	(537)	1,013
Balance at December 31	**$ 69,134**	**69,671**

As of December 31, 2023 and 2022, impairment allowance accounts with respect to account receivables from related parties were not provided.

(4) Inventories

		December 31, 2023	December 31, 2022
Raw materials	$	663,768	1,122,092
Work in progress and semi-finished products		165,674	189,231
Finished goods and merchandises		28,380	245,363
	$	**857,822**	**1,556,686**

Component of operating cost were as below:

		For the years ended December 31, 2023	2022
Cost of goods sold	$	15,051,989	17,235,489
Provision for inventory obsolescence and devaluation loss		201,172	90,644
	$	**15,253,161**	**17,326,133**

As of December 31, 2023 and 2022, the Company's inventories were not pledged.

(5) Financial assets measured at amortized cost－non-current

		December 31, 2023	December 31, 2022
Non-current:			
Restricted deposits	$	15,550	15,550
Refundable deposits		2,878	3,167
Overdue receivables		67,957	67,957
Less: loss allowances		(67,957)	(67,957)
	$	**18,428**	**18,717**

The Company held bank time deposits with variable interest rates, and the average interest rates ranged between 0.56%~5.18% and 0.22%~1.065% for the years ended December 31, 2023 and 2022, respectively.

For the restricted cash in banks please refer to note 8.

(6) Non-current assets held for sale

On December 28, 2023, the Board of Directors had approved the resolution and made the agreement to dispose the entires shares of D-Link Asia and Alpha Dongguan. Since the expected day of settlement is in June, 2024, the abovementioned assets were reclassified as non-current assets held for sale.

As of December 31, 2023, the Company's non-current assets held for sale amounting to $109,632 thousand.

Because of the fair value less costs to sell was greater than it carrying amount, the impairment loss shall not be measured when it was reclassified as non-current assets held for sale.

(7) Investments in equity-accounted investees

	December 31, 2023	December 31, 2022
Subsidiaries	$ 8,272,829	9,556,602
Unrealized profit loss from sales	(228,268)	(106,954)
	$ 8,044,561	**9,449,648**

A. Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2023.

B. The Company's shares of profit (loss) of subsidiaries were as follows:

	For the years ended December 31,	
	2023	2022
Subsidiaries	**$ (97,838)**	**131,519**

The Company did not provide any investments accounted for using the equity methods as collateral for its loans.

(8) Property, plant and equipment

	Buildings	Machinery and equipment	Office, transportation and other facilities	Total
Cost:				
Balance at January 1, 2023	$ 770,438	339,058	47,553	1,157,049
Additions	16,302	88,389	13,854	118,545
Disposals	(330)	(62,218)	(3,163)	(65,711)
Reclassification	684	14,632	-	15,316
Balance at December 31, 2023	**$ 787,094**	**379,861**	**58,244**	**1,225,199**
Balance at January 1, 2022	$ 771,498	234,878	47,727	1,054,103
Additions	12,254	145,961	14,603	172,818
Disposals	(13,314)	(41,781)	(14,777)	(69,872)
Balance at December 31, 2022	**$ 770,438**	**339,058**	**47,553**	**1,157,049**
Depreciation and impairment loss:				
Balance at January 1, 2023	$ 312,676	143,991	23,242	479,909
Depreciation	24,651	67,684	10,855	103,190
Disposals	(330)	(62,218)	(2,796)	(65,344)
Balance at December 31, 2023	**$ 336,997**	**149,457**	**31,301**	**517,755**
Balance at January 1, 2022	$ 304,323	138,401	25,944	468,668
Depreciation	21,667	47,153	10,170	78,990
Disposals	(13,314)	(41,563)	(12,872)	(67,749)
Balance at December 31, 2022	**$ 312,676**	**143,991**	**23,242**	**479,909**

		Buildings	Machinery and equipment	Office, transportation and other facilities	Total
Carrying amounts:					
Balance at December 31, 2023	$	**450,097**	**230,404**	**26,943**	**707,444**
Balance at December 31, 2022	$	**457,762**	**195,067**	**24,311**	**677,140**
Balance at January 1, 2022	$	**467,175**	**96,477**	**21,783**	**585,435**

As of December 31, 2023 and 2022, the Company's property, plant and equipment were not pledged.

(9) Right-of-use assets

The Company leases many assets including land, buildings, and other facilities. Information about leases for which the Company as a lessee was presented below:

		Land	Buildings	Other facilities	Total
Cost:					
Balance at January 1, 2023	$	186,191	29,399	4,201	219,791
Additions		-	-	3,780	3,780
Disposals		-	(11,433)	-	(11,433)
Balance at December 31, 2023	$	**186,191**	**17,966**	**7,981**	**212,138**
Balance at January 1, 2022	$	186,191	11,433	6,235	203,859
Additions		-	17,966	-	17,966
Disposals		-	-	(2,034)	(2,034)
Balance at December 31, 2022	$	**186,191**	**29,399**	**4,201**	**219,791**
Accumulated depreciation:					
Balance at January 1, 2023	$	23,580	17,422	2,455	43,457
Depreciation		5,895	5,989	1,446	13,330
Disposals		-	(11,433)	-	(11,433)
Balance at December 31, 2023	$	**29,475**	**11,978**	**3,901**	**45,354**
Balance at January 1, 2022	$	17,685	11,433	1,450	30,568
Depreciation		5,895	5,989	1,683	13,567
Disposals		-	-	(678)	(678)
Balance at December 31, 2022	$	**23,580**	**17,422**	**2,455**	**43,457**
Carrying amounts:					
Balance at December 31, 2023	$	**156,716**	**5,988**	**4,080**	**166,784**
Balance at December 31, 2022	$	**162,611**	**11,977**	**1,746**	**176,334**
Balance at January 1, 2022	$	**168,506**	**-**	**4,785**	**173,291**

(10) Intangible assets

	Goodwill	Software application and others	Total
Cost:			
Balance at January 1, 2023	$ 134,883	228,403	363,286
Additions	-	61,571	61,571
Derecognition	-	(73,907)	(73,907)
Balance at December 31, 2023	**$ 134,883**	**216,067**	**350,950**
Balance at January 1, 2022	$ 134,883	272,304	407,187
Additions	-	74,274	74,274
Derecognition	-	(118,175)	(118,175)
Balance at December 31, 2022	**$ 134,883**	**228,403**	**363,286**
Amortization and impairment:			
Balance at January 1, 2023	$ -	160,771	160,771
Amortization	-	77,361	77,361
Derecognition	-	(73,907)	(73,907)
Balance at December 31, 2023	**$ -**	**164,225**	**164,225**
Balance at January 1, 2022	$ -	203,358	203,358
Amortization	-	75,588	75,588
Derecognition	-	(118,175)	(118,175)
Balance at December 31, 2022	**$ -**	**160,771**	**160,771**
Carrying amounts:			
Balance at December 31, 2023	**$ 134,883**	**51,842**	**186,725**
Balance at December 31, 2022	**$ 134,883**	**67,632**	**202,515**
Balance at January 1, 2022	**$ 134,883**	**68,946**	**203,829**

A. Amortization

The amortization of intangible assets is included in the following line items of statement of comprehensive income:

	For the years ended December 31, 2023	2022
Operating cost	$ 1,264	809
Operating expense	76,097	74,779
Total	**$ 77,361**	**75,588**

B. Impairment test for goodwill

For purpose of impairment testing, the goodwill was allocated to the IP Camera cash generating unit.

As of December 31, 2023 and 2022, the recoverable amount of IP Camera cash generating unit has been determined based on a value in use calculation. The recoverable amount of this cash generating unit was greater than its carrying amount and no impairment loss was recognized.

The key assumptions used in the estimation of value in use were as follows:

	December 31, 2023	December 31, 2022
Discount rate	7.15 %	9.55 %
Terminal value growth rate	2.28 %	3.21 %

The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

Cash flow projection was based on a five-year financial projection which was approved by the management.

C. Collateral

As of December 31, 2023 and 2022, the Company’s intangible assets were not pledged.

(11) Other current assets and other non-current assets

The other current and non-current assets of the Company were as follows:

	December 31, 2023	December 31, 2022
Business tax receivable	$ 54,217	59,663
Prepayments for equipment	11,256	26,819
Others	53,446	26,669
	$ 118,919	**113,151**
Other current assets	$ 96,663	77,332
Other non-current assets	22,256	35,819
	$ 118,919	**113,151**

(12) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	**$ -**	**1,260,000**
Unused short-term and long-term credit lines	**$ 5,628,750**	**3,559,860**
Range of interest rates	**-**	**1.48%~1.81%**

(13) Provisions

	Warranties
Balance at January 1, 2023	$ 231,586
Provisions made during the year	167,786
Provisions used during the year	(154,139)
Balance at December 31, 2023	**$ 245,233**
Balance at January 1, 2022	$ 173,536
Provisions made during the year	172,928
Provisions used during the year	(114,878)
Balance at December 31, 2022	**$ 231,586**

The provision for warranties relates mainly to network product sold during the years ended December 31, 2023 and 2022. The provision is based on estimates made from historical warranty data associated with similar products and services. The Company expects to settle the majority of the liability over the next year.

(14) Other current liabilities

	December 31, 2023	December 31, 2022
Payroll and bonus payable	$ 362,635	483,621
Contract liabilities	679,237	335,130
Others	182,430	102,960
	$ 1,224,302	**921,711**

(15) Lease liabilities

	December 31, 2023	December 31, 2022
Current	**$ 12,266**	**12,927**
Non-current	**$ 174,411**	**182,941**

For the maturity analysis, please refer to note 6(26).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2023	2022
Interest on lease liabilities	**$ 2,380**	**2,489**
Expenses relating to short-term leases and leases of low-value assets	**$ 6,282**	**5,868**

The amounts recognized in the statement of cash flows were as follows:

	For the years ended December 31, 2023	2022
Total cash outflow for leases	$ **21,634**	**21,344**

A. Real estate leases

As of December 31, 2023 and 2022, the Company leases land for factory and office buildings use. The leases of land typically run for a period of 19 years, some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The lease expenses of the land are depends on the land price announced by the Science Park, plus adjustments for public facilities construction costs, which are adjusted after amortization. These costs usually occur once a year.

B. Other leases

As of December 31, 2023 and 2022, The Company also leases warehouse, parking space, staff dormitories and printer. These leases are short-term and/or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(16) Employee benefits

A. Defined benefit plans

The recognized liabilities of the defined benefit obligations were consisted of as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 251,121	251,262
Fair value of plan assets	(145,878)	(105,620)
Net defined benefit liabilities	$ **105,243**	**145,642**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(a) Composition of plan assets

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

The Company’s Bank of Taiwan labor pension reserve account balance amounted to $145,878 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Fund, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligation of the Company were as follows:

		2023	2022
Defined benefit obligations at January 1	$	251,262	301,303
Benefits paid from the plan assets		(5,764)	(10,525)
Current service costs and interest cost		3,825	2,912
Remeasurements of net defined benefit liabilities:			
—Actuarial losses (gain) arising from experience adjustment		(1,172)	(18,613)
—Actuarial losses (gain) arising from financial assumptions		2,970	(23,815)
Defined benefit obligations at December 31	**$**	**251,121**	**251,262**

(c) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Company were as follows:

		2023	2022
Fair value of plan assets at January 1	$	105,620	96,519
Benefits paid from the plan assets		(5,764)	(10,525)
Remeasurements of the net defined benefit liabilities (assets):			
—Return on plan assets (excluding current interest income)		822	7,082
Contribution made to plan assets		43,417	11,828
Expected return on plan assets		1,783	716
Fair value of plan assets at December 31	**$**	**145,878**	**105,620**

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	For the years ended December 31, 2023	2022
Current service costs	$ 308	803
Net interest of net liabilities for defined benefit obligation	3,517	2,109
Expected return on plan assets	(1,783)	(716)
	$ 2,042	**2,196**
Operating costs	$ 788	1,012
Selling expenses	158	145
Administration expenses	164	164
Research and development expenses	932	875
	$ 2,042	**2,196**
Actual return on plan assets	**$ 2,605**	**7,797**

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.30%	1.40%
Future salary increase rate	3.00%	3.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $21,850 thousand.

The weighted-average lifetime of the defined benefit plans is 12.2 years.

(f) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
December 31, 2023	**Increase 0.25%**	**Decrease 0.25%**
Discount rate	**$ (7,343)**	**7,621**
Future salary increase rate	**$ 6,866**	**(6,665)**

	Influences of defined benefit obligations	
December 31, 2022	**Increase 0.25%**	**Decrease 0.25%**
Discount rate	$ (7,897)	8,209
Future salary increase rate	$ 7,431	(7,203)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

B. Defined contribution plans

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

The pension costs under defined contribution plans amounted to $57,604 thousand and $54,818 thousand for the years ended December 31, 2023 and 2022, respectively.

(17) Income taxes

A. Income tax expenses

The components of income tax expense for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31,	
	2023	**2022**
Current tax expense		
Current period	$ 136,158	150,037
Additional 5% surtax on undistributed retained earnings	8,764	281
Adjustment for prior periods	13,936	(12,538)
	158,858	137,780
Deferred tax benefit		
Origination and reversal of temporary differences and tax loss	(50,699)	(12,470)
Income tax expense	$ **108,159**	**125,310**

The amounts of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31, 2023	2022
Exchange differences on translation of foreign financial statements	$ (13,367)	53,194

Reconciliation of income tax expense and profit before income tax for the years ended December 31, 2023 and 2022 was as follows:

	For the years ended December 31, 2023	2022
Profit before income tax	$ 656,079	1,042,385
Income tax at the Company's domestic tax rate	131,216	208,832
Permanent differences	28,921	(48,022)
Tax incentives	(61,957)	(64,422)
Additional 5% surtax on undistributed retained earning	8,764	281
Change in unrecognized temporary differences and others	1,215	28,641
	$ 108,159	125,310

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	$ 285,573	312,487

(b) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax assets:

	January 1, 2022	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2022	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2023
Provision for warranties	$ 10,412	(385)	-	10,027	34,546	-	44,573
Exchange difference on translation of foreign financial statements	65,401	-	(53,194)	12,207	-	13,367	25,574
Unrealized profit from sales	8,897	11,687	-	20,584	24,142	-	44,726
Others	10,073	2,090	-	12,163	2,566	-	14,729
	$ 94,783	13,392	(53,194)	54,981	61,254	13,367	129,602

Deferred tax liabilities:

	January 1, 2022	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2022	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2023
Investment in equity-accounted subsidiaries	$ (45,502)	(1,014)	-	(46,516)	(4,193)	-	(50,709)
Goodwill	(26,976)	-	-	(26,976)	-	-	(26,976)
Others	(92)	92	-	-	(6,362)	-	(6,362)
	$ (72,570)	(922)	-	(73,492)	(10,555)	-	(84,047)

As of December 31, 2023, the Company's tax returns for the years through 2021 were assessed by the Taipei National Tax Administration.

(18) Capital and other equity

Reconciliation of shares outstanding for 2023 and 2022 was as follows (in thousands of shares):

	Ordinary share capital	
	2023	**2022**
Balance at January 1 (Balance at December 31)	**541,719**	**541,719**

A. Ordinary share capital

As of December 31, 2023 and 2022, the authorized capital of Company amounted to $8,000,000 thousand of which included the amount of $500,000 thousand reserved for employee share options. The issued capital for the years ended December 31, 2023 and 2022 were both amounted to $5,417,185 thousand.

B. Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Capital surplus – premium	$ 2,491,661	2,491,661
Capital surplus – investments under equity method	89,149	37,762
Others	14,994	14,978
	$ 2,595,804	**2,544,401**

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

Based on resolutions approved by the Board of Directors on March 4, 2022, the cash dividends of $54,172 thousand, represents $0.1 payout per share, will be distributed out of capital surplus. Related information is available at the Market Observation Post System website.

C. Retained earnings

The Company's articles of incorporation stipulated that Company's earnings before tax, if any, shall be distributed in the following order:

(a) payment of all taxes;

(b) offset prior years' operating losses;

(c) of the remaining balance, 10% to be appropriated as legal reserve;

(d) set aside special reserve in accordance with the Securities and Exchange Act or reverse special reserve previously provided; and

(e) after the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and if the distribution is in form of new shares, a shareholders meeting will be held to decide on this matter.

According to the R.O.C. Company Act, the Company shall distribute the legal reserve and capital surplus as cash dividends fully or partially, if the resolution is passed in majority with two third of attendance in Board of Directors' meeting and is submitted to the shareholders' meeting.

According to the Company's dividend policy, the Company shall first take into consideration its investing environment, capital management and industry developments, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. The cash dividends shall not be less than 10% of total dividends.

(a) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Special reserve

In accordance with Ruling issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior period. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

D. Earnings distribution

The amounts of cash dividends on the 2022 and 2021 earnings distribution had been approved during the board meeting on February 24, 2023 and March 4, 2022, respectively. The amounts of cash dividends and other earnings distribution in 2022 and 2021 that were approved by the shareholders' meeting on May 31, 2023 and May 31, 2022 were as follows:

	2022		2021	
	Earning distribution	**Dividends per share**	**Earning distribution**	**Dividends per share**
Appropriation of legal reserve	$ 96,692		42,569	
Reversal of special reserve	(220,543)		(1,713)	
Cash dividends	915,504	1.69	379,203	0.70
	$ 791,653		**420,059**	

The above-mentioned earnings distribution was consistent with the resolutions approved by the Board of Directors.

Related information would be available at the Market Observation Post System website.

The amounts of cash dividends on the 2023 earnings distribution had been approved during the board meeting on February 27, 2024. The above-mentioned cash dividends distribution of $547,136 thousand, represents $1.01 per share, is subject to the approval during the shareholders' meeting.

E. Other equity

	Differences on translation of foreign operation financial statements	**Unrealized gains (losses) on financial assets at fair value through other comprehensive income**	**Equity related to non-current assets held for sale**	**Total**
Balance at January 1, 2023	$ (233,127)	6,578	-	(226,549)
Differences on translation of foreign operation financial statements	(66,837)	-	-	(66,837)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	13,367	-	-	13,367
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	-	12,036	-	12,036
Equity related to non-current assets held for sale	43,579	-	(43,579)	-
Balance at December 31, 2023	**$ (243,018)**	**18,614**	**(43,579)**	**(267,983)**

	Differences on translation of foreign operation financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Equity related to non-current assets classified as held for sale	Total
Balance at January 1, 2022	$ (445,903)	(1,189)	-	(447,092)
Differences on translation of foreign operation financial statements	265,970	-	-	265,970
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(53,194)	-	-	(53,194)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	-	7,767	-	7,767
Balance at December 31, 2022	**$ (233,127)**	**6,578**	**-**	**(226,549)**

(19) Earnings per share

A. Basic earnings per share

	For the years ended December 31, 2023	2022
Profit attributable to the Company’s ordinary shareholders	**$ 547,920**	**917,075**
Weighted average number of shares outstanding (in thousands of shares)	**541,719**	**541,719**
Basic earnings per share (NTD)	**$ 1.01**	**1.69**

B. Diluted earnings per share

	For the years ended December 31, 2023	2022
Profit attributable to the Company's ordinary shareholders	**$ 547,920**	**917,075**
Weighted average number of shares outstanding (in thousands of shares) (basic)	541,719	541,719
Effect of employee remuneration in shares	2,479	4,447
Weighted average number of shares outstanding (in thousands of shares) (diluted)	**544,198**	**546,166**
Diluted earnings per share (NTD)	**$ 1.01**	**1.68**

(20) Revenues

A. The details of revenues were as follows:

		For the years ended December 31, 2023	2022
Primary geographical markets:			
United States	$	11,867,647	13,968,235
Taiwan		2,461,895	2,420,538
Others		3,925,424	3,957,339
	$	**18,254,966**	**20,346,112**
Major products/services lines:			
LAN/MAN	$	11,151,290	12,130,740
Wireless Broadband		3,076,072	5,497,975
Digital Multimedia		1,607,846	1,870,108
Others		2,419,758	847,289
	$	**18,254,966**	**20,346,112**

B. Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (including related parties)	**$**	**3,784,053**	**3,911,340**	**2,897,662**
Contract liability (included in other current liabilities)	**$**	**679,237**	**335,130**	**208,480**

For details on accounts receivable and loss allowance, please refer to note 6(3).

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were $220,149 thousand and $117,152 thousand, respectively.

(21) Remuneration to employees and directors

In accordance with the Articles of incorporation, the Company should contribute 10% to 22.5% of the profit as employee compensation and less than 1% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2023 and 2022, the Company accrued and recognized its remuneration to employees amounting to $73,510 thousand and $116,794 thousand, and directors amounting to $5,513 thousand and $8,760 thousand, respectively.

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of the period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were recongnized under operating costs or operating expenses. If there is any change on the actual amount incurred and estimated amount, this shall be accounted for change in accounting estimates and recognize as profit or loss in the following year. However, if the Board of Directors resolved that the employee remuneration to be distributed through stock dividends, the closing price of the ordinary share on the day before the Board of Directors' meeting is used in the calculation for stock remuneration. Related information would be available at the Market Observation Post System website. The abovementioned remuneration for employees and directors resolved through Board of Directors' meeting is consistent with the estimated amount as stated in the parent-company-only financial statements for the years 2023 and 2022.

(22) Interest income

The details of the Company's interest income of 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Interest income from bank deposits and others	**$ 27,314**	**7,742**

(23) Other income

The details of the Company's other income of 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Government grants income	$ 37,240	13,061
Others	11,849	17,661
	$ 49,089	**30,722**

(24) Other gains and losses

The details of the Company's other gains and losses of 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Gain (loss) on financial assets at fair value through profit or loss, net	$ (11,325)	49,503
Foreign exchange gain (loss), net	(13,227)	43,253
Others	(82)	44
	$ (24,634)	**92,800**

(25) Finance costs

The details of the Company's finance costs of 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Interest expense of borrowings, etc.	$ 14,705	18,511
Interest expense of lease liabilities	2,380	2,489
Others	43	-
	$ 17,128	**21,000**

(26) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amounts of financial assets represent the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The major customers of the Company are centralized in the networking related industries. The Company generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Company is mainly influenced by the networking industry. As of December 31, 2023 and 2022, 76% and 54%, respectively, of the Company’ s accounts receivable (including related parties) were from the top 3 customers. Although there is a potential in concentration of credit risk, the Company routinely assesses the collectability of its accounts receivable and makes a corresponding allowance for doubtful accounts.

(c) Credit risk of receivable

Risk exposure information for accounts receivable, please refer to note 6(3).

Other financial assets measured at amortized cost include restricted bank deposits and refundable deposits, please refer to note 6(5) for details of relevant investments.

All of these financial assets are considered to have low credit risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit loss. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(6).

B. Liquidity risk

The following table presents the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1 to 5 years	More than 5 years
December 31, 2023					
Non-derivative financial liabilities					
Accounts payable	$ 1,378,265	(1,378,265)	(1,378,265)	-	-
Accounts payable to related parties	887,985	(887,985)	(887,985)	-	-
Other payables to related parties	118,033	(118,033)	(118,033)	-	-
Accrued expenses	302,608	(302,608)	(302,608)	-	-
Lease liabilities	186,677	(218,951)	(14,560)	(33,654)	(170,737)
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	-	(516,259)	(516,259)	-	-
Inflows	(286)	516,545	516,545	-	-
Foreign exchange swaps:					
Outflows		(1,608,024)	(1,608,024)	-	-
Inflows	(29,104)	1,637,128	1,637,128	-	-
	$ 2,844,178	**(2,876,452)**	**(2,672,061)**	**(33,654)**	**(170,737)**
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	$ 1,260,000	(1,263,711)	(1,263,711)	-	-
Accounts payable	1,039,355	(1,039,355)	(1,039,355)	-	-
Accounts payable to related parties	1,701,958	(1,701,958)	(1,701,958)	-	-
Other payables to related parties	150,426	(150,426)	(150,426)	-	-
Accrued expenses	442,620	(442,620)	(442,620)	-	-
Lease liabilities	195,868	(230,438)	(15,306)	(37,592)	(177,540)
Derivative financial liabilities					
Forward exchange contracts:				-	-
Outflows	479	(520,305)	(520,305)	-	-
Inflows	-	520,784	520,784	-	-
Foreign exchange swaps:					
Outflows	1,936	(999,960)	(999,960)	-	-
Inflows	-	1,001,896	1,001,896	-	-
	$ 4,792,642	**(4,826,093)**	**(4,610,961)**	**(37,592)**	**(177,540)**

C. Currency risk

(a) Exposure to currency risk

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

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 151,858	30.75	4,669,634	134,683	30.73	4,138,809
CNY	6,602	4.3364	28,629	41,759	4.4057	183,978
Non-Monetary items						
USD	62,800	30.75	Note	-	-	-
Investment accounted for using equity method						
USD	42,069	30.75	1,293,618	31,243	30.73	960,088
Financial liabilities						
Monetary items						
USD	94,069	30.75	2,892,622	88,907	30.73	2,732,112
CNY	17,879	4.3364	77,530	31,050	4.4057	136,797
Non-Monetary items						
USD	5,000	30.75	Note	48,000	30.73	Note
CNY	10,000	4.3364	Note	11,000	4.4057	Note

Note： Please refer to note 6(2) for the information on forward exchange contracts and foreign exchange swaps measured at fair value.

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the foreign currency exchange gains and losses resulted from the translation of cash and cash equivalents, trade receivables, other receivables, short-term borrowings, trade payables and other payables which are denominated in foreign currencies. A strengthening (weakening) of 1% of the NTD against the USD and the CNY at December 31, 2023 and 2022, would have increased or decreased the profit before income tax by $17,281 thousand and $14,539 thousand, respectively. The analysis assumed that all other variables remain constant, and is performed on the same basis for both periods.

(c) Foreign exchange gains or losses on monetary items

Information on the foreign exchange gains or losses (including realized and unrealized portions) by the Company's monetary items, was as follows:

	For the years ended December 31,			
	2023		2022	
	Foreign exchange gains (losses)	Average rate	Foreign exchange gains (losses)	Average rate
USD	$ (18,571)	31.0638	39,534	29.5771
CNY	5,189	4.3956	2,450	4.4179
Others	155		1,269	
	$ (13,227)		43,253	

D. Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Company's financial assets and liabilities. The following sensitivity analysis is based on the exposure to the interest rate risk. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 0.25%, the Company’s profit before income tax would have increased or decreased by $1,561 thousand and $304 thousand, respectively for the years ended December 31, 2023 and 2022 with all other variable factors remaining constant. The change of ratio is mainly due to the variable interest rate of the Company’ s cash and cash equivalents, financial assets at amortized cost (non-current) and short-term borrowings.

E. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company’s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Financial assets mandatorily at fair value through profit or loss – derivative	$ 30,168	-	30,168	-	30,168
Non-current financial assets at fair value through other comprehensive income	31,429	-	-	31,429	31,429
Total	**$ 61,597**	**-**	**30,168**	**31,429**	**61,597**
Financial assets mandatorily at amortized cost					
Cash and cash equivalents	$ 609,030	-	-	-	-
Notes and accounts receivable (including related parties)	3,784,053	-	-	-	-
Financial assets measured at amortized cost – non-current	18,428	-	-	-	-
Total	**$ 4,411,511**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value under repetitive basis					
Financial liabilities at fair value through profit or loss－derivative	**$ 778**	**-**	**778**	**-**	**778**
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	$ 2,266,250	-	-	-	-
Other payable to related parties	118,033	-	-	-	-
Lease liabilities－current and non-current	186,677	-	-	-	-
Total	**$ 2,570,960**	**-**	**-**	**-**	**-**

	December 31, 2022				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Non-current financial assets at fair value through other comprehensive income	**$ 31,429**	**-**	**-**	**31,429**	**31,429**

	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily at amortized cost					
Cash and cash equivalents	$ 322,687	-	-	-	-
Notes and accounts receivable (including related parties)	3,911,340	-	-	-	-
Other receivables due from related parties	176,867	-	-	-	-
Financial assets measured at amortized cost – non-current	18,717	-	-	-	-
Total	$ 4,429,611	-	-	-	-
Financial liabilities measured at fair value under repetitive basis					
Financial liabilities at fair value through profit or loss－derivative	$ 2,415	-	2,415	-	2,415
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 1,260,000	-	-	-	-
Accounts payable (including related parties)	2,741,313	-	-	-	-
Other payable to related parties	150,426	-	-	-	-
Lease liabilities－current and non-current	195,868	-	-	-	-
Total	$ 4,347,607	-	-	-	-

Fair value measured on non-recurring basis refers to occurrences in specific condition. The Company does not have any financial assets and liabilities measured on non-recurring basis.

(b) Valuation techniques for financial instruments measured at fair value

i. Non-derivative financial instruments

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

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

The categories and nature of the fair value for the Company's financial instruments which have active market are as below:

For publicly traded stock, bank draft and bond with standard terms and conditions that traded in an active market, the fair value is based on the quoted market price.

Except for the above-mentioned financial instruments traded in active markets, the fair value of other financial instruments is based on a valuation techniques or refer to quoted price from counterparties. The fair value using valuation techniques refers to the current fair value of other financial instruments with similar conditions and characteristics, or using a discounted cash flow method, or other valuation techniques which include model calculating with observable market data at the reporting date (such as yield curve from Taipei Exchange, average interest rate from Reuters' commercial paper).

The categories and nature of the fair value for the Company's financial instruments which without an active market are as below:

The fair value for equity instruments which do not have public quoted price is measured based on net asset value of comparable companies. The main assumption is based on the market multiples derived from the net value per share of investees and quoted price of EV/EBIT's comparable listed companies. The estimated amount has adjusted the discounted effect due to the lack of liquidity in market for equity security.

ii. Derivative financial instruments

Measurement on fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Foreign currency forward contract is measured based on the current forward exchange rate. Structured interest rate derivative products are measured based on appropriate option pricing model.

(c) There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2023 and 2022.

(d) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
Opening balance, January 1, 2023 (Balance at December 31, 2023)	**$ 31,429**
Opening balance, January 1, 2022	$ -
Additions	31,429
Ending balance, December 31, 2022	**$ 31,429**

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

The Company's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through other comprehensive income – limited partnership".

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-limited partnership	Equity Method	Not applicable (note)	Not applicable (note)

Note: The funds of limited partnership was remained unused.

(27) Financial risk management

A. Overview

The Company has exposures to the following risks from its financial instruments:

(a) credit risk

(b) liquidity risk

(c) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying parent-company-only financial statements.

B. Structure of risk management

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The Audit Committee is responsible for monitoring the compliance of the Company's risk management policies and procedures, and review the appropriateness of the Company's management structure related to the risks.

Risk management policies and systems are also reviewed regularly by the Audit Committee to reflect the changes in market conditions and the Company's activities. Internal auditors are assisting Audit Committee in performing the monitoring role through periodic and ad hoc review procedures to risk management relevant control and process. The internal auditors report regularly to the Board of Directors on their activities.

C. Credit risk

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

(a) Accounts receivable and other receivable

The Company has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and represent the maximum open amount; these limits are reviewed periodically. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company did not have any collateral on accounts receivable and other receivable.

(b) Investments

The credit risk of bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the financial department of the Company. There is no significant credit risk because the Company used to transact with or deal with counterparty with good credit ratings financial institutions, corporate organizations and government agencies.

(c) Guarantee

The Company's policy provides only financial security to fully owned subsidiaries. At December 31, 2023 and 2022, except for its subsidiaries, the Company did not provide any endorsement guarantee.

D. Liquidity risk

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

Bank borrowing is an essential liquidity source for the Company. As of December 31, 2023 and 2022, the Company's unutilized credit line for long-term and short-term bank borrowing, please refer to note 6(12) for details.

E. Market risk

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

The Company trades derivative instruments, which also incurs financial liabilities, in order to manage market risks. All such transactions are executed in accordance with the Company’s procedures for conducting derivative transactions which were approved by the Board of Directors.

(a) Foreign currency risk

The Company’s exposure to the risk of fluctuation in foreign currency exchange rates relates primarily to the Company’s sales, purchases, and borrowings transactions, and those are denominated in a currency different from the functional currencies of the Company. These transactions are denominated in New Taiwan dollar (NTD), US dollar (USD), and Chinese Yuan (CNY).

The derivative financial products traded by the Company adopts economic hedging to avoid the exchange rate risk of foreign currency assets or liabilities held by the Company. The gains and losses arising from exchanges rate changes will offsets the hedged items, therefore, the market risk is usually low.

(b) Other market price risk

The Company is exposed to equity price risk due to its investments in equity securities. This is a strategic investment and is not held for trading. The Company does not actively trade in these investments. Therefore, the Company will be exposed to the risk of market price changes in this equity securities.

(28) Capital management

The Company’s objective for managing its capital is to safeguard the capacity to continue as a going concern, to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Company may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell its assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage their capital. This ratio is the net debt divided by the total equity.

The net debt from the balance sheet is derived from the total liabilities, less cash and cash equivalents. The total equity includes share capital, capital surplus, retained earnings, and other equity.

The Company’s debt-to-equity ratio at the end of the reporting period was as follows:

	December 31, 2023	**December 31, 2022**
Total liabilities	$ 4,781,876	6,320,183
Less: Cash and cash equivalents	(609,030)	(322,687)
Net debt	**$ 4,172,846**	**5,997,496**
Total equity	**$ 10,012,721**	**10,371,312**
Debt-to-equity ratio	**41.68%**	**57.83%**

The debt-to-equity ratio was reduced on December 31, 2023, due to the decrease in net debt.

(29) Non-cash investing and financing activities

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2023 and 2022, were as follows:

A. For right-of-use assets obtained due to leases, please refer to note 6(9).

B. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Other	December 31, 2023
Short-term borrowings	$ 1,260,000	(1,260,000)	-	-
Lease liabilities	195,868	(12,972)	3,781	186,677
Total liabilities from financing activities	**$ 1,455,868**	**(1,272,972)**	**3,781**	**186,677**

	January 1, 2022	Cash flows	Other	December 31, 2022
Short-term borrowings	$ 1,490,240	(230,240)	-	1,260,000
Lease liabilities	192,250	(12,987)	16,605	195,868
Total liabilities from financing activities	**$ 1,682,490**	**(243,227)**	**16,605**	**1,455,868**

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Qisda Corporation (Qisda), who is both the parent company and the ultimate controlling company of the Company, held 54.60% of the Company's outstanding shares and has issued the consolidated financial statements available for public use.

(2) Names and relationship with subsidiaries and other related parties which have transaction with the Company during the periods covered in the parent-company-only financial statements were as follows:

Name of related party	Relationship with the Company
Qisda Corporation (Qisda)	Parent Company
AEWIN Technologies Co., Ltd.(AEWIN Technologies)	Qisda's subsidiary
BenQ Asia Pacific Corp (BQP)	Qisda's subsidiary
BenQ Healthcare Corporation (BHC)	Qisda's subsidiary
BenQ AB DcntCase Corp. (BABD)	Qisda's subsidiary
Global Intelligence Network Co., Ltd. (Ginnet)	Qisda's subsidiary
Qisda Vietnam Co., Ltd. (QVH)	Qisda's subsidiary

Name of related party	Relationship with the Company
DFI Inc. (DFI)	Qisda's subsidiary
Concord Medical Co., Ltd. (Concord)	Qisda's subsidiary
Golden Spirit Co., Ltd. (GSC)	Qisda's subsidiary
Rapidtek Technologies Inc. (Rapidtek Technologies)	Qisda's associate
Unictron Technologies Corporation (Unictron Technologies)	Qisda's associate
Darfon Electronirs Corp. (DFN)	Qisda's associate
Alpha Holdings Inc. (Alpha Holdings) (Note 3)	The Company's subsidiary
Alpha Solutions Co., Ltd. (Alpha Solutions)	The Company's subsidiary
Alpha Networks Inc. (Alpha USA)	The Company's subsidiary
Alpha Networks (Hong Kong) Limited (Alpha HK)	The Company's subsidiary
Alpha Technical Services Inc. (ATS)	The Company's subsidiary
D-Link Asia Investment Pte. Ltd. (D-Link Asia)	The Company's subsidiary
Alpha Networks (Chengdu) Co., Ltd. (Alpha Chengdu)	The Company's subsidiary
Mirac Networks (Dongguan) Co., Ltd (Mirac)	The Company's subsidiary
Alpha Networks (Dongguan) Co., Ltd.(Alpha Dongguan)	The Company's subsidiary
Alpha Networks (Changshu) Co., Ltd (Alpha Changshu)	The Company's subsidiary
Enrich Investment Corporation (Enrich Investment)	The Company's subsidiary
Transnet Corporation (Transnet)	The Company's subsidiary
Hitron Technologies Inc. (Hitron Technologies)	The Company's subsidiary
Interactive Digital Technologies Inc. (Interactive Digital)	The Company's subsidiary
Hitron Technologies (SIP), Inc. (Hitron Suzhou)	The Company's subsidiary
Hitron Technologies (Samoa), Inc. (Hitron Samoa)	The Company's subsidiary
Jietech Trading (Suzhou) Inc. (Jietech Suzhou)	The Company's subsidiary
Hitron Technologies Europe Holding B.V. (Hitron Europe)	The Company's subsidiary
Hitron Technologies Americas Inc. (Hitron Americas)	The Company's subsidiary
Innoauto Technologies Inc. (Innoauto Technologies)	The Company's subsidiary
Hitron Technologies Vietnam. (Hitron Vietnam)	The Company's subsidiary
Hwa Chi Technologies (Shanghai), Inc. (Hwa Chi Technologies)	The Company's subsidiary
Aespula Technology INC. (Aespula)	The Company's subsidiary
Alpha Networks Vietnam Company Limited (Alpha VN) (Note 1)	The Company's subsidiary
Alpha Networks (Changshu Trading) Co., Ltd. (Alpha Changshu Trading) (Note 2)	The Company's subsidiary

Name of related party	Relationship with the Company
BenQ Foundation	Substantive related party
Alpha Foundation	Substantive related party

Note 1: The Company established subsidiary in Vietnam on February 2022.

Note 2: The Company established subsidiary in the second quarter of 2023.

Note 3: Alpha Holdings had been written-down and liquidated in the fourth quarter of 2023.

(3) Significant related-party transactions

A. Sales

The amounts of sales to related parties were as follows:

	For the years ended December 31, 2023	2022
Parent company	$ 476	-
Subsidiary－Alpha USA	7,460,063	7,237,564
Subsidiary－others	104,204	139,788
Other related parties	567	-
	$ 7,565,310	**7,377,352**

The prices for sales to the above related parties were determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

The collection terms for third parties were 30 to 90 days, while those for related parties were 90 days.

For the years ended December 31, 2023 and 2022, due to sales transactions between the Company and investments in equity-accounted investees, net changes in unrealized profit on sales amounting to $(121,304) thousand and $(62,467) thousand, respectively, were recognized.

B. Purchases

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

	For the years ended December 31, 2023	2022
Parent company	$ 65	-
Subsidiary－Alpha Changshu	8,042,314	9,271,181
Subsidiary－D-Link Asia	892,562	4,127,259
Subsidiary－Others	89,370	945
Other related parties	1,989	28,878
	$ 9,026,300	**13,428,263**

The payment terms for purchase from related parties were 30 to 120 days after purchase. The payment terms with related parties were not materially different from those with third parties.

The Company purchases raw materials through Alpha HK on behalf of Alpha Changshu. After the production by Alpha Changshu, the Company will buy back the finished products produced by Alpha Changshu and sell the products to customers of the Company. For the years ended December 31, 2023 and 2022, the Company purchased raw materials through Alpha HK on behalf of Alpha Changshu amounting to $812,309 thousand and $1,463,124 thousand, respectively, at cost. The revenue and cost of goods sold are not recognized in the parent-company-only financial statements.

The Company purchases raw materials through D-Link Asia on behalf of Alpha Dongguan. After the production by Alpha Dongguan, the Company will buy back the finished products produced by Alpha Dongguan and sell the products to customers of the Company. For the years ended December 31, 2023 and 2022, the Company purchased raw materials through D-Link Asia on behalf of Alpha Dongguan amounting to $20,435 thousand and $295,881 thousand, respectively, at cost. The revenue and cost of goods sold are not recognized in the parent-company-only financial statements.

The accounts receivable and accounts payable arising from the abovementioned transactions are settled on a net basis.

C. Receivables from related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts receivable from related parties	Parent company	$ 250	-
Accounts receivable from related parties	Subsidiary－Alpha USA	1,373,313	1,327,458
Account receivable from related parties	Subsidiary－Alpha HK	-	554,976
Account receivable from related parties	Subsidiary－Others	100,759	94,553
Account receivable from related parties	Other related parties	515	-
		$ 1,474,837	**1,976,987**

D. Payables to related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts payable to related parties	Parent company	$ 62	-
Accounts payable to related parties	Subsidiary－D-Link Asia	-	994,483
Accounts payable to related parties	Subsidiary－Alpha Changshu	640,969	706,456
Accounts payable to related parties	Subsidiary－Alpha HK	244,999	-
Accounts payable to related parties	Subsidiary－Others	1,934	765
Accounts payable to related parties	Other related parties	21	254
		$ 887,985	**1,701,958**

E. Commission costs

The commission costs to related parties for developing market business were as follows:

	For the years ended December 31, 2023	2022
Subsidiary－Alpha Solutions	**$ 13,990**	**11,839**

Account	Relationship	December 31, 2023	December 31, 2022
Other payable to related parties	Subsidiary	**$ 3,375**	**3,087**

F. Rendering of services and other expenses

The amounts of product warranty and maintenance services, research, donation and other expenses paid by the Company were as follows:

	For the years ended December 31, 2023	2022
Parent company	$ 455	461
Subsidiary－Alpha Chengdu	297,732	253,497
Subsidiary－ATS	64,887	52,808
Subsidiary－Others	23,075	2,400
Other related parties	3,685	6,910
	$ 389,834	**316,076**

The payables to related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Other payable to related parties	Parent company	$ 277	274
Other payable to related parties	Subsidiary－Alpha Chengdu	77,491	135,652
Other payable to related parties	Subsidiaries－Others	25,006	10,388
Other payable to related parties	Other related parties	151	880
		$ 102,925	**147,194**

G. Property transactions

Acquisition of property, plant and equipment:

	For the years ended December 31, 2023	2022
Subsidiary－Transnet	$ 9,550	-
Subsidiary－Interactive Digital	1,600	-
	$ 11,150	**-**

The amount of payable to related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Other payable to related parties	Subsidiaries	**$ 11,708**	**-**

H. Endorsement guarantees

The endorsement guarantees to related parties were as follow:

	December 31, 2023	December 31, 2022
Subsidiaries	**USD 9,000**	**USD 9,000**

I. Other income

The Company is a corporate director of a subsidiary, Hitron Technologies, wherein the remuneration to directors amounting to $5,636 thousand and $4,480 thousand recognized as other income for the years ended December 31, 2023 and 2022, respectively. The above balances had been fully paid as of the period.

The Company leased out an office to Transnet. The rental income for the years ended December 31, 2023 and 2022 were both amounted to $57 thousand. The rental income received in advance from Transnet for the years ended December 31, 2023 and 2022, were both amounted to $14 thousand, and recognized as other current liabilities.

J. Dividends

The Company' s subsidiary, Hitron Technologies, declared the cash dividends of $300,000 thousand and $100,000 thousand on February 23, 2023 and February 25, 2022, respectively, based on a resolution approved by the board. The above balances had been fully paid as of the period.

The Company's subsidiary, D-Link Asia, declared the cash dividends of $264,639 thousand on November 15, 2023 based on a resolution approved by the board. The above balances had been fully paid as of the period.

K. Other receivables

In response to the organization restructure of Alpha Holdings, a resolution was approved during the board meeting held on December 31, 2020 for the capital reduction of Alpha Holdings, whose assets including other assets, other receivables and 100% shares of D-Link Asia were transferred to the Company to offset its share capital payable.

As of December 31, 2023 and 2022, the account receivable from Alpha Dongguan amounting to $0 thousand and $176,867 thousand was recognized as other receivables due from related parties.

L. Various advances

As of December 31, 2023 and 2022, the other receivable and payable from related parties due to the payment on behalf of the Company were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Other payable to related parties	Subsidiaries－Others	$ 25	145

(4) Key management personnel compensation

	For the years ended December 31, 2023	2022
Short-term employee benefits	$ 17,370	43,118

8. Pledged assets:

Pledged assets	Object	December 31, 2023	December 31, 2022
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Import guarantee for customs	$ 7,550	7,550
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee for land lease	8,000	8,000
		$ 15,550	15,550

9. Significant commitments and contingencies:

(1) As of December 31, 2023 and 2022, the Company deposited notes in the bank amounting to $7,455,950 thousand and $5,558,355 thousand, respectively in order to obtain the credits limit of bank financing, foreign exchange facilities and contracts of government grants.

(2) The Company had entered into technology license agreement with suppliers. According to the agreement, the Company is obligated to make payments for technology license fee and royalty based on the total sales of products by using such technology.

(3) Please refer to note 7(3) for further details related to endorsement guarantees.

(4) Contingencies

In 2023, Alpha's customers filed a claim against Alpha regarding the products repairation. The management is of the view that the financial impact of this matter to the Group's financial position is not foreseen to be substantial.

10. Losses due to major disasters: None.

11. Subsequent events: None.

12. Other:

The summary of employee benefits, depreciation, and amortization, by function, was as follows:

By function / By item	2023			2022		
	Cost of sales	**Operation expenses**	**Total**	**Cost of sales**	**Operation expenses**	**Total**
Employee benefits						
Salary	318,936	1,035,754	1,354,690	333,842	1,123,419	1,457,261
Labor and health insurance	33,634	76,119	109,753	30,466	71,777	102,243
Pension	12,584	47,062	59,646	12,237	44,777	57,014
Remuneration of directors	-	18,719	18,719	-	20,239	20,239
Others	21,801	47,153	68,954	23,223	44,454	67,677
Depreciation	47,915	68,605	116,520	32,068	60,489	92,557
Amortization	1,264	76,097	77,361	809	74,779	75,588

Additional information on the number of employees and employee benefits was as follows:

	For the years ended December 31, 2023	2022
The number of employees	1,285	1,226
The number of directors who are not holding as a position of employee	7	6
The average of employee benefits	$ 1,247	1,380
The average of salaries	$ 1,060	1,194
The average of salary adjustment rate	(11)%	
Remuneration of supervisors	$ -	-

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

(1) The remuneration of the Company's directors and supervisors is determined by reference to the Company's overall operating performance, value and development trends of the industry. The payment of directors and supervisors remuneration are reviewed by the Remuneration Committee and approved by the Board of Directors.

(2) The remuneration of the managers and employees includes salary, bonus and employee remuneration. The wages of the employees are paid based on their position, the complexity of their work value, the trends of the industry and the Company's operating performance. In addition to the fixed remuneration, the variable remuneration is distributed based on employee performance and contribution in order to motivate employees. Remuneration for employees is in accordance with the Company's Articles of association and implemented by the approval of the Board of Directors' meeting and reported to the shareholders' meeting.

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

A. Financing provided to other parties: Please refer to Table 1.

B. Guarantees and endorsements provided to other parties: Please refer to Table 2.

C. Securities held (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.

D. Individual securities acquired or disposed of with accumulated amounts exceeding $300 million or 20% of the capital stock: Please refer to Table 4.

E. Acquisition of individual real estate with amounts exceeding $300 million or 20% of the capital stock: None.

F. Disposal of individual real estate with amounts $300 million or 20% of the capital stock: None.

G. Related-party transactions for purchases and sales with amounts exceeding $100 million or 20% of the capital stock: Please refer to Table 5.

H. Receivables from related parties with amounts exceeding $100 million or 20% of the capital stock: Please refer to Table 6.

I. Trading in derivative instruments: Please refer to note 6(2) of parent-company-only financial statements.

(2) Information on investees (excluding information on investees in Mainland China): Please refer to Table 7.

(3) Information on investment in Mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 8.

B. Limitation on investment in Mainland China: Please refer to Table 8.

C. Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(4) Major shareholders:

Shareholder’s Name	Shares	Percentage
Qisda Corporation	295,797,126	54.60 %

A. The main shareholder information in this table is calculated on the last business day at the end of each quarter by the Taiwan Depository & Clearing Corporation, based on those who held more than 5% of the Company's ordinary shares and preferred shares and have completed unregistered non-physical securities delivered (including treasury shares). As for the share capital recorded in the Company's financial report and the Company's actual number of shares delivered without physical registration, there may be differences due to different basis of calculation.

B. In the case of the above information, if the shareholder delivers the shares to the trust, it is disclosed in the individual accounts of the trustee who opened the trust account by the trustee. As for the shareholder’s declaration of insider’s equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider’s equity declaration, please refer to Market Observation Post System website.

14. Segment information:

Please refer to consolidated financial statements for the year ended December 31, 2023.

Alpha Networks Inc.
Financing provided to other parties
For the year ended December 31, 2023

Table 1 (In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	Alpha VN	Other receivable from related parties	Yes	622,000 (USD20,000 thousand)	307,500 (USD10,000 thousand)	-	3%~ 5.5%	2	-	Operating capital	-		-	2,002,544 (note 2)	4,005,088 (note 3)
1	Alpha HK	Alpha Changshu	Same as above	Yes	1,098,962 (CNY248,000 thousand)	1,075,427 (CNY248,000 thousand)	1,075,427 (CNY248,000 thousand)	-	2	-	Operating capital	-		-	2,273,145 (note 4)	2,273,145 (note 4)
2	Alpha Chengdu	Alpha Changshu	Same as above	Yes	267,180 (CNY60,000 thousand)	260,184 (CNY60,000 thousand)	260,184 (CNY60,000 thousand)	1.75%	2	-	Operating capital	-		-	463,192 (note 4)	463,912 (note 4)
3	Enrich Investment	Transnet Corporation	Same as above	Yes	15,000	15,000	15,000	1.65%	2	-	Operating capital	-		-	62,591 (note 5)	125,183 (note 5)
4	Hitron Technologies	Hitron Vietnam	Same as above	Yes	933,000 (USD30,000 thousand)	-	-	1%	2	-	Operating capital	-		-	983,900 (note 6)	1,967,801 (note 6)

Note 1: The method of filling out the capital loan and nature is as follows:

(1) relate business relationship, please fill in 1.

(2) relate short-term financing, please fill in 2.

Note 2: The individual financing amounts for a short term period shall not exceed 20% of the net worth of the Company.

Note 3: The aggregate financing amounts for a short term period shall not exceed 40% of the net worth of the Company.

Note 4: Alpha HK, D-Link Asia, Alpha Chengdu and Alpha Dongguan, the subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, which are not located in Taiwan, for the purpose of landing operating capital, the amount of financing offered to a single company owned by the Company shall not exceed 100% of the lender’s net worth.

Note 5: The total and individual amount of lending to a company by Enrich Investment shall not exceed 40% and 20% of the net worth of latest financial statement, respectively.

Note 6: The total amount of lending to a company by Hitron Technologies and its subsidiaries shall not exceed 40% of the net worth of the audited or reviewed financial statement for both parties. The lending reason and limit for each type of party is stated as below:

a. For entities who have business transactions with Hitron Technologies, the lending amount shall not exceed the total transaction amount in the nearest 12 months or the estimated amount within the next 12 months. Furthermore, the lending amount shall not exceed 20% of the net worth of Hitron Technologies' latest audited or reviewed financial statements. The transaction referring to the higher of sales or purchase amount.

b. For entities who have a need in short term financing, the lending amount shall not exceed 20% of the net worth of Hitron Technologies' latest audited or reviewed financial statements.

c. Lending among foreign subsidiaries which Hitron Technologies has 100% of direct or indirect voting rights, or foreign subsidiaries which Hitron Technologies has 100% of direct or indirect voting rights lending to Hitron Technologies, there is no limit to the amount and period of lending, but should state the limit and term of lending.

Alpha Networks Inc.

Guarantees and endorsements provided to other parties

For the year ended December 31, 2023

Table 2 (In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 1 and 4)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 2 and 4)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Alpha Dongguan	note 3	5,006,361	64,850	61,500	-	-	0.61 %	10,012,721	Y	N	Y
0	The Company	Alpha Changshu	note 3	5,006,361	226,975	215,250	16	-	2.15 %	10,012,721	Y	N	Y
1	Hitron Technologies	Hitron Europe	note 3	4,919,502	631,113	-	-	-	- %	7,379,253	N	N	N
1	Hitron Technologies	Hitron Americas	note 3	4,919,502	615,600	-	-	-	- %	7,379,253	N	N	N
1	Hitron Technologies	Hitron Vietnam	note 3	4,919,502	2,554,740	-	-	-	- %	7,379,253	N	N	N

Note 1: The total amount of guarantee provided by the Company to any individual entity shall not exceed 50% of the Company's equity.

Note 2: The total amount of guarantee provided by the Company shall not exceed 100% of the Company's equity.

Note 3: The Company directly and indirectly holds more than 50% of the shares with voting rights.

Note 4: The total amount of Hitron Technologies' endorsement in security shall not exceed 150% of the net value of Hitron Technologies' latest financial statements; the amount of endorsement in security for a single enterprise shall not exceed 20% of the net value of Hitron Technologies' latest financial statements. However, there is no restriction for those directly or indirectly held subsidiaries with more than 50% of the voting shares and for those directly and indirectly hold 100% of the voting shares are indirectly endorsed and guaranteed, but it shall not exceed Hitron 100% of the net value of the latest financial statements. Other than the two regulations above, the total amount of Hitron Technologies' endorsement in security for each type of party shall not exceed the total transaction amount in the nearest 12 months or the estimated transaction amount within the next 12 months and 20% of the net worth of Hitron Technologies' latest audited or reviewed financial statments (the transaction referring to the higher of sales or purchase amount).

Alpha Networks Inc.

Securities held (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2023

Table 3 (In Thousands of New Taiwan Dollars/In Thousands of Shars)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Note
				Shares/ Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	TGC, Inc.	-	Non-current financial assets at fair value through profit and loss	500	-	1.83	-	
The Company	IGNITION VENTURES	-	Non-current financial assets at fair value through other comprehensive income	-	31,429	-	31,429	
Enrich Investment	RAPIDTEK TECHNOLOGIES	Qisda's associate	Non-current financial assets at fair value through other comprehensive income	1,751	108,750	5.84	108,750	
Hitron Technologies	SENAO INTERNATIONAL CO, LTD.	-	Current financial assets at fair value through profit or loss	152	5,989	0.06	5,989	
Hitron Technologies	CHAO LONG MOTOR PARTS CORP.	-	Non-current financial assets at fair value through other comprehensive income	668	51,152	1.79	51,152	
Hitron Technologies	IMAGETECH CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	120	-	1.20	-	
Hitron Technologies	TSUNAMI VISUAL TECHNOLOGIES, INC.	-	Non-current financial assets at fair value through other comprehensive income	1,220	-	9.34	-	
Hitron Technologies	PIVOT TECHNOLOGY CORP.	-	Non-current financial assets at fair value through other comprehensive income	198	-	10.94	-	
Hitron Technologies	CARDTEK TECHNOLOGY CO., LTD	-	Non-current financial assets at fair value through other comprehensive income	1,000	-	6.45	-	
Hitron Technologies	YESMOBIRE HOLDINGS COMPANY LTD.	-	Non-current financial assets at fair value through other comprehensive income	294	-	0.75	-	
Hitron Technologies	CODENT NETWORKS (CAYMAN) LTD.(SPECIAL SHARES)	-	Non-current financial assets at fair value through other comprehensive income	1,570	-	-	-	

Alpha Networks Inc.

Individual securities acquired or disposed of with accumulated amounts exceeding $300 million or 20% of the capital stock

For the year ended December 31, 2023

Table 4 (In Thousands of Shares/In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount (note)
The Company	Alpha VN	Investments accounted for using equity method	Capital increase	Parent and subsidiary	-	613,700	-	492,368	-	-	-	-	-	929,750
The Company	Alpha Chengdu	Investments accounted for using equity method	D-Link Asia	Parent and subsidiary	-	-	-	453,169	-	-	-	-	-	463,192

Note: The ending balance included the amount of investment gains and losses, cumulative translation adjustments and other adjustments in the current period.

Alpha Networks Inc.

Related-party transactions for purchases and sales with amounts exceeding $100 million or 20% of the capital stock

For the year ended December 31, 2023

Table 5 (In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sale)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
The Company	Alpha USA	Subsidiary of the Company	(Sales)	(7,460,063)	(41)%	90 days	-		1,373,313	36%	
The Company	D-Link Asia	Subsidiary of the Company	Purchase	892,562	6%	90 days	-		-	-%	
The Company	Alpha Changshu	Subsidiary of the Company	Purchase	8,042,314	58%	90 days	-		(640,969)	(28)%	
Alpha Changshu	Mirac	Subsidiary to subsidiary	(Sales)	(310,788)	(3)%	90 days	-		36,611	3%	
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	(Sales)	(6,191,412)	(72)%	90 days	-		709,582	38%	
Alpha HK	Alpha VN	Subsidiary to subsidiary	(Sales)	(1,487,305)	(17)%	90 days	-		916,049	49%	
D-Link Asia	Alpha Dongguan	Subsidiary to subsidiary	Purchase	892,562	68%	90 days	-		-	-%	
Hitron Technologies	Hitron Americas	Subsidiary to subsidiary	(Sales)	(4,134,320)	(67)%	90 days	-		1,518,943	74%	
Hitron Technologies	Hitron Europe	Subsidiary to subsidiary	(Sales)	(355,687)	(6)%	90 days	-		69,433	3%	
Hitron Technologies	Hitron Vietnam	Subsidiary to subsidiary	Purchase	6,423,767	89%	60 days	-		(1,701,574)	(86)%	

Alpha Networks Inc.

Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock

December 31, 2023

Table 6 (In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Loss Allowance	Note
					Amount	Action taken			
The Company	Alpha USA	Subsidiary of the Company	1,373,313	7.37	-	-	540,208	-	
Alpha Changshu	The Company	Subsidiary to parent	640,969	11.94	-	-	358,256	-	
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	709,582	6.69	31,482	-	286,941	-	
Alpha HK	Alpha VN	Subsidiary to subsidiary	916,049	2.98	55,926	-	120,917	-	
Hitron Technologies	Hitron Americas	Subsidiary to subsidiary	1,518,943	2.17	-	-	536,841	-	
Hitron Vietnam	Hitron Technologies	Subsidiary to subsidiary	1,701,574	2.73	-	-	10,274	-	

Note 1: The collection situation as of February 19, 2024.

Alpha Networks Inc.
Information on investees (excluding information on investees in Mainland China)
For the year ended December 31, 2023

Table 7 (In Thousands of Shares/In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Alpha Holdings	Cayman Islands	Investment holding	- note 7	208,500	- note 7	- %	-	-	-	
The Company	Alpha Solutions	Japan	Sale of network equipment, components and technical services	5,543	5,543	1	100.00 %	17,676	234	234	
The Company	Alpha USA	USA	Sale, marketing and procurement service in USA	51,092	51,092	1,500	100.00 %	172,138	13,822	13,822	
The Company	Alpha HK	Hong Kong	Investment holding	3,143,628	3,143,628	780,911	100.00 %	2,256,923	110,387	108,037	
The Company	ATS	USA	Post-sale service	260,497 (USD8,100 thousand)	260,497 (USD8,100 thousand)	8,100	100.00 %	191,731	4,041	4,041	
The Company	Enrich Investment	Taiwan	Investment holding	400,000	400,000	40,000	100.00 %	312,957	1,355	1,355	
The Company	Hitron Technologies	Taiwan	Marketing on system integration of communication product and telecommunication products	4,811,000	4,811,000	200,000	62.24 %	3,928,462	4,879	(49,068)	
The Company	D-Link Asia	Singapore	Investment in manufacturing business	- note 5, 6	1,692,805 note 2	- note 6	- %	-	(20,782)	(7,231)	
The Company	Alpha VN	Vietnam	Production and sale of network products	1,195,424	703,056	note 4	100.00 %	929,750	(178,500)	(178,500)	
Enrich Investment	Interactive Digital	Taiwan	Telecommunication and broadband network system services	189,523	189,523	2,575	5.61 %	119,772	261,763	note 1	
Enrich Investment	Transnet	Taiwan	Operating network communication products, provide support system services, integrated supply and import and export of network equipment	50,000	50,000	5,000	100.00 %	16,739	44	note 1	

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
Enrich Investment	Aespula	Taiwan	Sale of network equipment components and technical services	80,000	80,000	8,000	98.92 %	49,980	(13,295)	note 1,3	
Hitron Technologies	Hitron Samoa	Samoa	International trade	172,179	642,697	5,850	100.00 %	187,851	49,396	note 1	
Hitron Technologies	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	36.39 %	638,399	261,763	note 1	
Hitron Technologies	Hitron Vietnam	Vietnam	Production and sale of broadband telecommunication products	1,511,735	1,511,735	note 4	100.00 %	2,798,108	381,925	note 1	
Hitron Technologies	Hitron Americas	USA	International trade	90,082	90,082	300	100.00 %	294,821	(82,795)	note 1	
Hitron Technologies	Hitron Europe	Netherlands	International trade	59,604	59,604	15	100.00 %	66,652	(35,857)	note 1	
Hitron Technologies	Innoauto Technologies	Taiwan	Investments and automotive electronics products	20,000	20,000	2,000	100.00 %	3,440	(4)	note 1	

Note 1: Recognized by subsidiary.

Note 2: This included the previous investments of $218,613 thousand by D-Link Corporation.

Note 3: The percentage of ownership had included 87 thousand shares of preferred stock held by the original shareholders.

Note 4: Limited company.

Note 5: D-Link Asia carried out the capital reduction returning USD50,500 thousand on September 22, 2023 (equivalent to approximately $1,557,924 thousand).

Note 6: D-Link Asia and Alpha Dongguan were reclassified as non-current assets held for sale because of the shares transfer agreement on December 28, 2023. The expected day of the settlement is in June 2024.

Note 7: Alpha Holdings had been written-down and liquidated in the fourth quarter of 2023.

Alpha Networks Inc.
Information on investment in Mainland China
For the year ended December 31, 2023

Table 8 (In Thousands of New Taiwan Dollars)

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (note 3)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Alpha Chengdu	Research and development of network products	420,426	note 2(b)	420,426	-	-	420,426	21,245	100.00%	21,245	463,192	147,231
Alpha Dongguan	Production and sale of network products	97,023 (note 11)	note 1(a)	741,084	-	626,887	114,197 (note 7)	(183,206)	100.00%	(183,206)	(21,416)	692,935
Mirac	Production and sale of network products	107,131 (note 10)	note 1(b)	307,326	-	-	307,326	29,528	100.00%	29,528	122,511	-
Alpha Changshu	Production and sale of network products	1,925,920	note 1(b)	1,925,920	-	-	1,925,920	22,942	100.00%	22,942	1,177,637	-
Alpha Changshu Trading	Production and sale of network products	17,378 (CNY4,000 thousand)	note 1(b)	-	-	-	-	(13,388)	100.00%	(13,388)	4,211	-
Hitron Suzhou	Production and sale of broadband network products	171,245 (CNY34,800 thousand)	note 1(c)	641,763	-	470,518	171,245	49,387	100.00% (note 9)	49,387	190,836	-
Jietech Suzhou	Sale of broadband network products and related services	31,139 (CNY5,425 thousand)	note 1(c)	31,139	-	-	31,139	(11)	100.00% (note 9)	(11)	3,670	-
Hwa Chi Technologies	Technical consultation on electronic communication, technology research and development, maintenance and after-sale service	5,814 (USD200 thousand)	note 2(a)	12,048	-	-	12,048	2,562	36.39% (note 9)	1,020	4,945	24,264

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	2,634,897 note 4,5,8	3,496,798	note 6
Hitron Technologies	214,432	214,432	2,951,701

Note 1: Investments in companies in Mainland China through the existing companies in the third regions are as follows:
(a) D-Link Asia
(b) Alpha HK
(c) Hitron Samoa

Note 2: (a) Hwa Chi is a China based investment company, which was originally invested by Hitron (Samoa), a subsidiary of Alpha. However, due to the Group's restructuring, the investor was changed to Interactive Digital instead, based on the resolution approved during the board meeting in 2012.
(b) The entire shares of Alpha Chengdu, which was originally fully owned by D-Link Asia, had been transferred to Alpha on June 15, 2023 based on the agreement entered into by D-Link Asia and Alpha.

Note 3: The amount was recognized based on the audited financial statements.

Note 4: The accumulated investments in Alpha Dongguan did not include the previously investment of HKD69,387 thousand (equivalent to approximately $303,055 thousand) by D-Link Corporation.

Note 5: Alpha, who indirectly invested its subsidiary, Tongying Trading (Shenzhen) Co., Ltd., has liquidated all its rights and obligations and cancelled its registration in March 2008, resulting in the amount of $5,461 thousand (the difference between the accumulated investment in Tongying Trading (Shenzhen) Co., Ltd. amounting to $9,828 thousand and the remittance amount of $4,367 thousand) to be recognized. The amount recognized above still needs to be included in the accumulated investment in Mainland China according to the principle of Investment Commission, MOEA.

Note 6: According to the Operation Headquarters confirmation document, with letter no.11120417620, issued by the Industrial Development Bureau, MOEA, obtained by Alpha on June 8, 2022, the upper limit on its investment in Mainland China, pursuant to the "Principle of Investment or Technical Cooperation in Mainland China", is not applicable.

Note 7: Since the investment amount of $46,412 thousand was derived from D-Link Asia's own funds, the investment amount didn't need to be included in the accumulated investment in Mainland China as of December 31, 2023.

Note 8: Maintrend, a subsidiary which the Company indirectly invested in, has completed its liquidation procedures on various rights and obligations; thus, cancelled its registration on July 23, 2018. However, the Company's cumulative investment of $164,622 thousand still needs to be included in the accumulated investment in Mainland China according to the regulations of the Investment Commission, MOEA.

Note 9: This refers to the direct or indirect shareholding of Hitron technologies.

Note 10: The capital reduction registration procedures had been completed on December 19, 2022; however, the capital has yet to be remitted back as of December 31, 2023.

Note 11: The capital reduction registration procedures had been completed on August 17, 2023.

Alpha Networks Inc.

Summary of cash and cash equivalents

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Patty cash and cash on hand (note) EUR:140、USD:1,353、CNY:11,200、JPY:565,000	$ 218
Bank deposits	Checking and saving accounts (note) TWD:311,239,080、EUR:63.39、 USD:2,723,861.28、HKD:246.48、 JPY:314,781、CNY:6,590,522.96、GBP:16,975.81	424,312
Bank deposits	Time deposits (note) USD:6,000,000	184,500
	Total	**$ 609,030**

Note: Exchange rates at the balance sheet date are as follows:

USD：30.75　HKD：3.936　CNY：4.3364　JPY：0.2175

EUR：34.03　GBP：39.191

Summary of financial assets and liabilities
at fair value through profit or loss－current

Please refer to note 6(2) for further information on financial assets and liabilities at fair value through profit or loss－current.

Alpha Networks Inc.

Summary of account receivables

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of Customer	Amount
J Company	$ 920,076
L Company	203,659
Z Company	146,571
K Company	124,441
Others (individual amount does not exceed 5% of the account balance)	915,646
	2,310,393
Less: Loss allowance	(1,177)
Total	**$ 2,309,216**

Note 1: All accounts receivables are generated by operating activities.

Note 2: Accounts receivables from related parties are not included in the above accounts, please refer to note 7 for relevant information.

Alpha Networks Inc.

Summary of inventories

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net Realizable Value	Note
Finished goods and merchandises	$ 41,115		Please refer to note 4(7) for further information of the net realizable value of inventories in the parent-company-only financial statements.
Less: loss allowance	(12,735)		
Total	28,380	49,942	
Work in progress and semi-finished products	168,142		
Less: loss allowance	(2,468)		
Total	165,674	168,145	
Raw materials	706,241		
Less: loss allowance	(42,473)		
Total	663,768	711,008	
	$ 857,822	**929,095**	

Summary of non-current assets held for sale

Please refer to note 6(6) for further information on non-current assets held for sale.

Summary of financial assets measured at amortized cost

Please refer to note 6(5) for further information on financial assets measured at amortized cost —non-current.

Alpha Networks Inc.

Summary of changes in investments accounted for using the equity method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Addition						Ending Balance			Market Value or Net Assets Value		
Investee Company	Shares	Amount	Shares	Amount	Other	Cash dividends	Investment Gain (Loss)	Cumulative Translation Adjustment	Shares	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral
Subsidiaries:														
Alpha Holdings	6,464	$ -	(6,464) (Note 2)	-	-	-	-	-	-	-	-	-	-	None
Alpha Solutions	1	18,677	-	-	-	-	234	(1,235)	1	100.00	17,676	-	17,676	None
Alpha USA	1,500	158,756	-	-	-	-	13,822	(440)	1,500	100.00	172,138	-	172,138	None
Alpha HK	780,911	2,183,875	-	-	-	-	108,037	(34,989)	780,911	100.00	2,256,923	-	2,273,145	None
ATS	8,100	187,633	-	-	-	-	4,041	57	8,100	100.00	191,731	-	191,731	None
D-Link Asia	86,946	1,876,429	(86,946)	(1,667,556) (Note 3)	104,137	(264,639)	(7,231)	(41,140)	-	-	-	-	-	None
Enrich Investment	40,000	304,008	-	-	7,608	-	1,355	(14)	40,000	100.00	312,957	-	312,957	None
Hitron Technologies	200,000	4,213,524	-	-	55,815	(300,000)	(49,068)	8,191	200,000	62.24	3,928,462	34.30	6,860,000	None
Alpha VN	Note 1	613,700	Note 1	492,368	-	-	(178,500)	2,182	Note 1	100.00	929,750	-	929,750	None
Alpha Chengdu		-	Note 1	453,169	-	-	9,472	551	Note 1	100.00	463,192		463,192	None
		9,556,602		(722,019)	167,560	(564,639)	(97,838)	(66,837)			8,272,829		11,220,589	
Unrealized loss on sales to subsidiaries		(106,954)		-	(10)	-	(121,304)	-			(228,268)			
		$ 9,449,648		(722,019)	167,550	(564,639)	(219,142)	(66,837)			8,044,561			

Note1: Limited company.

Note2: Alpha Holdings had been written-off and liquidated in the fourth quarter of 2023.

Note3: On December 28, 2023, the Company has entered an agreement to sell 100% shares of D-Link Asia and Alpha Dongguan. Since the expected day of settlement is in June, 2024, the 5,309 thousand shares amounted to $109,632 were reclassified as non-current assets held for sale. Besides, D-Link Asia carried out the capital reduction cancelling 81,637 thousand shares and returning $1,557,924 thousand.

Alpha Networks Inc.

Summary of changes in property, plant and equipment

For the year ended December 31, 2023

Please refer to note 6(8) for further information on property, plant and equipment.

Summary of changes in right-of-use assets

Please refer to note 6(9) for further information on right-of use assets.

Summary of changes in intangible assets

Please refer to note 6(10) for further information on intangible assets.

Summary of other current and non-current assets

Please refer to note 6(11) for further information on other current and non-current assets.

Alpha Networks Inc.

Summary of accounts payable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Vendor Name	Amount
Vendor A	$ 143,511
Vendor N	739,899
Others (individual amount does not exceed 5% of the account balance)	494,855
	$ 1,378,265

Summary of accrued expenses

Item	Amount
Indirect materials	$ 53,837
Service fees	21,163
Others (individual amount does not exceed 5% of the account balance)	227,608
	$ 302,608

Alpha Networks Inc.

Summary of lease liabilities－current and non-current

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Summary	Lease Period	Discount Rate	Ending Balance	Note
Land	Science Park Land	2019/1/1~2050/7/31	1.30%	$ 176,810	
Building	Office	2022/1/1~2024/12/31	0.47%	6,017	
Equipment	Official car	2021/3/19~2024/6/1	0.57%	114	
Equipment	Energy conservative equipment	2023/12/1~2030/11/30	0.63%	3,736	
				$ 186,677	

Statement of current provision

Please refer to note 6(13) for further information on current provision.

Summary of other current liabilities

Please refer to note 6(14) for further information on other current liabilities.

Alpha Networks Inc.

Summary of operating revenue

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Quantity	Amount
LAN/MAN	616,798	$ 11,151,290
Wireless Broadband	2,395,728	3,076,072
Digital Multimedia	1,016,150	1,607,846
Others		2,419,758
Total		**$ 18,254,966**

Alpha Networks Inc.

Summary of operating costs

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item		Amount
Raw material inventory, January 1		$ 1,154,173
Add:	Raw material purchased	5,199,671
	Inventory surplus	6,404
Deduct:	Raw material sold	990,880
	Movement of expenses between departments	21,782
	Scrapped	173,021
	Raw material inventory, December 31	706,241
Raw material used		4,468,324
Direct labor		146,755
Manufacturing expenses		697,597
Manufacturing costs		5,312,676
Add:	Work in progress and semi-finished products, January 1	194,885
	Work in progress and semi-finished products purchased	1,607,331
Deduct:	Work in progress and semi-finished products, December 31	168,142
	Semi-finished products sold	2,220
	Movement of expenses between departments	24,889
	Scrapped	6,251
Work in progress and semi-finished products costs		6,913,390
Add:	Finished goods, January 1	246,991
	Finished goods purchased	7,030,767
Deduct:	Finished goods, December 31	41,115
	Movement of expenses between departments	81,153
	Scrapped	9,991
Cost of finished goods		14,058,889
Add:	Raw material and semi-finished products sold	993,100
	Cost of scrapped inventory	189,263
	Provisions for inventory obsolescence and devaluation loss	18,313
	Inventory surplus	(6,404)
Cost of goods sold		**$ 15,253,161**

Alpha Networks Inc.

Summary of selling expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Payroll expenses	$ 192,714
Commission costs	52,796
Export expenses	35,232
Others (individual amount does not exceed 5% of the account balance)	87,380
	$ 368,122

Summary of administrative expenses

Item	Amount
Payroll expenses	$ 185,483
Service fees	43,596
Amortization expenses	43,091
Others (individual amount does not exceed 5% of the account balance)	141,465
	$ 413,635

Alpha Networks Inc.

Summary of research and development expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Payroll expenses	$ 657,557
Research and testing expenses	430,141
Others (individual amount does not exceed 5% of the account balance)	292,307
	$ 1,380,005

Summary of interest income

Please refer to note 6(22) for further information on interest income.

Summary of other income

Please refer to note 6(23) for further information on other income.

Alpha Networks Inc.

Summary of other gains and losses

For the year ended December 31, 2023

Please refer to note 6(24) for further information on other gains and losses.

Summary of finance costs

Please refer to note 6(25) for further information on finance costs.

Summary of employee benefits, depreciation and amortization

Please refer to note 12 for further information on employee benefits, depreciation and amortization.