Stock Code:2419

Hitron Technologies Inc.

2023 Annual Reports

Printed on March 31, 2024

The content of these annual reports and the relevant information of the Company can be found in the following website

Market Observation Post System (MOPS) http://mops.twse.com.tw

I. Names, positions, contact numbers and e-mail addresses of spokesperson and acting spokesperson

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III. Name, Address, Website and Telephone Number of Stock Transfer Agent & Registrar

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Website: http://www. capital. com. tw
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IV. Name, Accounting Firm, Address, Website and Telephone Number of CPAs

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V. Overseas Trade Places and Relaed Information for Listed Negotiable Securities: None.

VI. Company Website: http://www.hitrontech.com

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One. Letter to Shareholders

Dear Shareholders:

Thank you for attending the Shareholders' Meeting of Hitron Technologies Inc. for 2024. On behalf of our Company and employees, I thank you for your support. The following are the business results for 2023 and an overview of the future operational plan:

I. 2023 Financial Performance

(I) Business Results

In 2023, due to excess inventory in the Netcom market, the overall global economic growth has slowed from the end of the second quarter, particularly in the North American and European markets. Our customers have delayed the shipment of purchase orders or even cancelled orders. In addition, in the South American market, Hitron also faced fierce price competition, as Chinese suppliers reduced prices by more than 10% in order to digest inventory. As a result, the turnover in South America was significantly affected. 2023 for Hitron was difficult. In addition, we voluntarily cut prices in Europe, America, and South America to reduce the inventory of finished products. Therefore, the profit margin is lower than that of last year. In conclusion, Hitron's revenue in 2023 totaled NTD 9.4 billion, and the gross profit margin is also lower than that of last year. In terms of regions, the North American market still accounts for 72% of revenue, followed by Asia Pacific at 14%, CALA South America at 9%, and Europe at 5%.

Although the turnover did not meet the expectations, we have reached a major milestone in terms of product development. Our 10G optical fiber ONU products were selected by one of the top two MSOs in the U.S. out of 13 vendors participating in the global product selection process. This reaffirms Hitron's R&D capabilities and the efforts of our sales team. As fiber optic products are gradually selected for higher bandwidth and lower cost deployments, Hitron has continued to develop 10G PON CPE solutions over the past five years. In addition, Hitron has also launched the 5G FWA CPE solution in the US market, providing 5G mobile network solutions and home gateway integration solutions. At the SCTE exhibition in the U.S. in 2023, both 10G PON and 5G FWA were launched to the market together with the latest DOCSIS 4.0 products. We expect these new products to help Hitron penetrate the telecommunications market and expand our product lines and customers.

In terms of operations, we continue to improve manufacturing efficiency and maintain the same manufacturing cost level with a lower output. As in 2022, Hitron still has a large inventory of materials and finished goods due to the poor economic conditions and the excess inventory of most customers. However, compared with the end of 2022, our inventory has been relatively reduced by about 35%. Continued reduction of inventory will remain our top priority in 2024. Inventory is expected to return to normal by the end of the third quarter of this year.

We are going through the progress of transformation. To do this, we have shifted from past focus on DOCSIS-related product lines to providing network software and hardware integration services and comprehensive solutions. These include integrating the capabilities of Alpha Networks' wireless network, optical fiber, 5G products with Hitron's cable TV cable data and software network management solutions to build cloud home network management solutions. In the future, we will also further expand the proportion of fiber optic and wireless products in an effort to optimize the structure of our products.

The consolidated operating revenue of the Company in 2023 was NT$9.4366 billion, a decrease of 24% from NT$12.31823 billion in the previous year. The yearly consolidated gross margin was 21.6%, a decrease of 0.4% from 22.0% in the previous year; the operating expenses decreased by 8% from the previous year, and the consolidated operating profit was NT$257.92 million, a decrease of 68% from NT$797.2 million in the previous year. Consolidated net income attributable to the parent company was NT$4.88 million, down 99% from NT$482.19 million in the previous year. The basic earnings per share (EPS) in 2023 was NT$0.02.

Unit: NT$ (thousand)

Item	2023	2022	Increase (Decrease)	Change in %
Operating revenue	9,403,662	12,318,229	(2,914,567)	(23.66)
Operating margin	2,028,151	2,711,167	(683,016)	(25.19)
Operating expenses	1,770,229	1,913,970	(143,741)	(7.51)
Operating income	257,922	797,197	(539,275)	(67.65)
Net non-operating income (expense)	(69,208)	(65,542)	(3,666)	5.59
Profit before tax	188,714	731,655	(542,941)	(74.21)
Profit after tax	163,814	607,936	(444,122)	(73.05)
Profit attributable to parent company	4,879	482,193	(477,314)	(98.99)

(II)Execution of budget: The Company did not disclose its 2023 financial forecasts to the public.

(III) Analysis of Financial Income and Profitability

Unit: NT$ (thousand)

Analysis	Items		2023	2022
Financial income	Interest income		28,623	18,697
	Interest expense		96,552	68,213
Profitability	ROA (%)		2.12	5.71
	ROE (%)		0.10	9.65
	Paid-in-capital amount Percentage(%)	Operating income	8.03	24.81
		Net profit before tax	5.87	22.77
	Net profit margin (%)		1.74	4.94
	Earnings per share (NT$)		0.02	1.50

(IV) Research and Development

Additionally, we have shifted from past focus on DOCSIS-related product lines to providing network software and hardware integration services and comprehensive solutions, providing more diversified and differentiated products.

As broadband technology entered the era of high speed in 2023, new products such as DOCSIS 3.x Cable, ultra-high speed fiber access devices, WiFi 6/6E wireless gateways and extenders, 5G wireless access devices, and small base stations will be in demand. With the Company's longstanding dedication to its field as a broadband operator, it has accumulated extensive and outstanding software and firmware integration capabilities. While we take a proactive approach to participate in the forward-looking broadband technology development and projects of customers, with our leading technology in communications, we also work closely with our customers around the world.

Hitron has been focusing on cable CPE technology since 2000. In the past 23 years, cable technology has also evolved from a simple modem for data transmission to the most advanced data communication technology embedded with OFDMA. Complex equipment not only supports wireless network standards such as WiFi 7, but also integrates high-power SOC and IP voice, satisfying all applications of broadband home service. Therefore, the technology roadmap that must be considered is broader and deeper, covering almost all new technologies, forming hardware specifications such as DOCSIS 4.0, WiFi 7, 5G mobile solutions, and 25G PON. As these specifications have been developed for several generations, we must put them all in one hardware platform and integrate with our own software in order to provide the best service to our customers. At Hitron, we did not slow down our R&D work in 2023. We expect the launch of these new products in 2024 to accelerate our business.

In 2023, Hitron's cable CPE shipment volume accounted for 12% of the global market share. The market share for DOCSIS 3.1 CPE in the overall cable market continued to increase, and the demand for DOCSIS 3.1 CPE in Central and South America was higher than expected, and wireless gateways have become the main products in the market. With the addition of Wi-Fi 6 (original 802.11ax) and Wi-Fi extender supporting mesh function, the entire product planning becomes more complete. Unlimited extenders have also indirectly contributed to the operators' broadband as they use Hitron's cloud services. It is expected that the new model of the next generation of the standard product DOCSIS 4.0 CPE will be developed in the fourth quarter this year. The Company's development centers on the home network and user experience. By doing so, we enable our customers to increase revenue from more software services with the existing business model and network structure, generating more profits.

In terms of cable modem product development, we launched our first D4.0 modem at SCTE and conducted a live demonstration at CES 2024. With this new technology, we anticipate that our leading position in the North American market will bring faster advertising speed and stable service to more customers.

In terms of software, Hitron Cloud, a self-developed cloud management development system that has been applied by operators, have been strengthened with human-machine interface APP support and the GUI interface. Since 2018, we have been teaming up with multiple global well-known software service providers to launched more versatile services that are ideal home users to boost the ARPU of operators. We have more than 750,000 active users using the Hitron Cloud solution every day. During the COVID-19 pandemic, our cloud-based and remotely managed services greatly helped service providers improve the quality of customer service calls. Hitron has made another breakthrough recently. We are able to integrate the services of third-party WiFi products into our Hitron cloud platform. This enables service providers to use more hardware solutions for different applications through cloud platform for management. This is the trend and necessary feature for the overall development for cloud management. Hitron has been deeply invested in the cloud for many years. The function of allowing multiple online users to view instantly at any time also facilitates business operators to manage and service customers more effectively. The Company can receive instant feedback from users rather than messages forwarded from the business operators, which significantly differentiates the Company from other OEM competitors and establishes a solid foundation for value-added services of the Company in the future.

The Company continues to increase its development capacity in optical fiber products. As the pandemic outbreak gradually eased, the planning of MSO also increased by a wide margin. In 2023, the proportion of optical fiber products in sales increased exponentially, proving Hitron was correct in its long-term direction of optical fiber products. We will continue to extend our successful products in North America to Europe and CALA regions to telecom operators. As for the development of a new generation of 5G solution network products, the Company has also invested in the research and development of 5G CPE and small station together with the parent company, Alpha Networks, and has completed the development of 5G CPE (FWA) products in 2023. In conjunction with the backhaul mechanism of the cable modem, the Company's technical advantage in DOCSIS will help the Company smoothly enter the 5G CPE and small cell markets.

II. Summary of 2024 Business plan

(I) Business Strategy

Hitron has accumulated decades of experience,sales channels and research and development of the private brand. The goal of business development remains mainly on continuing the development of broadband telecommunication products. In addition to continuously cultivating the product line of cable modems, the Company is expanding the product categories of existing operators from copper fixed lines to fiber-optic broadband product lines and developing mobile broadband-related products. We provide customers with customized products and services quickly and design and develop competitive products and applications for customers' home broadband networks to assist customers in market segmentation for their products effectively. In addition, building on our mid-term software development capabilities, the Company will continue to strengthen its North American market share. For products, in addition to increasing products in the high-value chain in the corporate and commercial service market, and integrating with big data and AI as development directions, the Company shall apply innovative technologies on products to enhance its niche, as well as expanding market share.

The Company's self-developed cloud service platform has been on the market for more than five years and has accumulated more than 1.5 million home users as customers. By the end of 2023, there were nearly 1 million home users using Hitron's cloud service platform every day. The new product line in software services has shown profitability, gradually increasing revenue and gross profit margins. We also hope that, through the high value-added products, Hitron is able to outshine ourselves from other competitors who only provide hardware equipment. This way, operators can increase their value-added service revenue from customers with the software service platform provided by us, further increasing the customer's adhesion to the products. In the past two years, European and American countries have simultaneously promoted various subsidy and incentive programs to increase broadband penetration rates and improve broadband internet speeds. In addition to actively subsidizing rural broadband construction, the United States is also investing $65 billion through major infrastructure projects to build broadband networks. The European Union has proposed its digital transformation vision in 2030, while emerging markets such as India and South America have also begun initiatives to increase broadband penetration rates and upgrade speeds. The Company's management guidelines in response to these market changes are as follows:

(1) Providing service package product line on top of existing products. For existing customers and channels, the Company shall provide more auxiliary services, master core integrative technologies, expand operating revenue and reduce cost. In the meantime, the Company shall position itself for a cost-competitive market, as well as the market for high value-added products.

(2) Venturing into the main MSO market in North America, increasing market share, strengthening presence among MSOs of an emerging market with flexibility and services.

(3) Creating products with a life cycle of more than 5 years that are in line with the new technological standard of DOCSIS 3.1, DOCSIS4.0 FDX and Wi-Fi 6, and have higher bandwidth.

(4) Through the sale of wireless broadband routers, the Company has entered the telecommunications operator's line, and the low-orbiting satellite supplier, to develop product lines other than cable modem, and utilize the existing sales channels and customer service capabilities to increase more revenue.

(5) With the Netcom products provided by Qisda in the large fleet (such as Alpha Networks and AEWIN), we can quickly integrate hardware and software. With the Company's sales channel, we are able to increase the Company's product lines.

(6) Developing products that respond timely to market needs, integrating further with customers' processes, providing value-added services to customers with innovation, and pursuing higher quality in products.

(7) Carrying out technical cooperation with major chip manufacturers and fiber optic terminal manufacturers to ensure leading product technologies and functions and cooperate to develop the market.

(8) Using big data and AI to enhance product quality and reduce costs, thus increasing profitability.

(9) Collaborating globally with production planning and automation equipment, so as to replicate production processes, reduce costs, and increase profit margin, production effectiveness, and product quality.

In order to activate the multi-market strategy layout, reduce repeated investments within the Group, and increase operating efficiency, the Company intends to undergo a transformation plan. In the future, the Company will focus on core businesses such as brand development, channel management, product innovation, and customer service. The production responsibilities will gradually be transferred to professional OEMs (such as the parent company, Alpha Networks) by the Vietnamese subsidiary, to reduce the need to invest a lot of money and risk the maintenance and management of production lines. In the future, all resources of the Company will be devoted to the development of brand distribution channels and the R&D of product innovations, which will be helpful for the strategic deployment in multiple markets and enhance the Company's operation scale and market position.

(II) Important Production and Marketing Policies

1. Production Policy

Current production capacity policy:

(1) Automation in production. Since 2016, the Company has been actively promoting automation, and training company engineers to provide maintenance and further developing automation in production. The Company also seeks to make use of existing spaces to increase production capacity utilization. The automation brought other additional advantages. The replication of production methods no longer relied heavily on trained labor, and therefore shortening the time to put the factory online while maintaining product quality when replicating production lines.

(2) Conditions of Supplying main raw materials: Building up partnership with upstream manufacturers by maintaining good long-term strategic preparation of raw materials. Key components are directly purchased by Hitron in Taiwan before entering into the production base to stabilize the source of raw material supply. In addition, in order to reduce the risk of oligopoly of supply, in recent years, we have also actively introduced 2nd Source parts. In the meantime, the Company makes use of its economies of scale to bargain for competitive prices in contracts with suppliers, ensuring stable prices, and supply for components.

(3) Increase the amount of local procurement in Vietnam and establish a entire supply chain in Vietnam to reduce the risk of parts supply.

Future transformation plans:

(1) In response to the future transformation plan, starting from the second half of 2024, the Company's products will be gradually transferred to professional OEMs for production. To ensure the smooth implementation of the transformation plan and enhance integration synergy with the parent company, Alpha Networks, production will initially be handled by Alpha Networks. In the future, depending on the market demand, we will look for professional OEMs that are more in line with the Company's interest and cost-effectiveness, aiming to continuously pursue maximum benefits for the Company and take into account the interests of shareholders.

(2) Until the transformation plan is completed, the Company will maintain its previous production method, i.e. maintain product quality and increase yield rate through automated production, and maintain good relations with key raw material suppliers (including local manufacturers in Vietnam) to stabilize component prices and ensure smooth supply, thus reducing the risk of component supply shortages.

2. Marketing Policy

The Company engages in triangular trade where it receives orders in Taiwan while the global production bases deliver goods. The sales and accounts receivable are also handled separately. The way the trade works is such that the subsidiaries in the US, Europe, and China shall receive and direct orders back to Taiwan. The production bases will then deliver the goods. To localize and enhance support to various sales locations and curtail response time, the Company sets up operational bases in the main targeted markets, hiring local sales and technical staff.

III. The future development strategy of the Company is susceptible to external competition, regulatory environment, and the overall business environment

Regardless of the COVID-19 pandemic or the post-pandemic era, broadband has already become a basic necessity for people's everyday life. Not only this, there is also an urgent need for connectivity speed for online learning and video conferencing. Thanks to the zero-touch economy that has accelerated the global need for digital transformation, it has at the same time effectively driven the upgrade of network equipment, including fiber optic networking equipment, DOCSIS3.x Cable products, commercial networking equipment and smart IoT applications. The cable modem business of the Company will focus more on the functions of easyInstall & easyConnect for customers' individual operations, thereby ensuring continuous growth of the business without being affected by the pandemic. Furthermore, the application of 5G technology is also increasing at the same time. Nevertheless, a greater number of 5G base stations will still not be sufficient to overcome the problem of penetrating through brick walls with millimeter wave in practice. DOCSIS developed by the technical groups of CableLabs, etc., will become the key options for 5G backhaul, which means that the cable modem business of the Company is expected to have a promising outlook with the increasing popularity of 5G technology. In addition, regarding the wireless reception technology, through years of effort and development, the Company also aims to actively develop an effective method to bring 5G millimeter wave to the indoor environment.

Looking forward to 2024, in terms of broadband service operation in the first half of the year, we will still be depleting the inventory. Therefore, the overall broadband market economy is still sluggish in the first half of the year, with low demand. Based on the rolling forecast, the overall order visibility for next year will be 70% on average, and the demand in the entire market is slightly better than that in 2023. Through the integration with the Netcom fleet of Qisda in the past three years, we have still emphasized the synergy of Alpha Networks. Combined with the capabilities of Alpha Networks' wireless network, optical fiber, 5G products with Hitron's cable TV cable data and self-developed software network management solutions, cloud home network management solutions are expected to be constructed. This is one of the key factors for the Group's future growth. The main growth momentum still comes from the expansion of new markets. In addition to continuing to introduce new products in the regions where the existing customers are, the Company will also accelerate the development of markets with rapid economic development such as the Middle East and India, etc., extending the Company's growth. In the past, Hitron focused on the cable router DOCSIS related product lines. Now Hitron is moving towards the direction of providing network software and hardware integration services and comprehensive solutions. In the future, Hitron will further expand the proportion of fiber optic and wireless products to optimize the product structure . With the combined effect of the synergistic fleet coming into place, coupled with extensive range of products and balanced regional layout, we hold a positive attitude towards the overall operating outlook for this year.

We wish you good health and best of luck.

Chairman: April Huang

Two. Company Profile

I. Date of Establishment: March 24, 1986

II. Organization and Operations

Annual	Milestones
1986	Established as an OEM for electronics, with 8 employees. Started with venturing into the military and industrial market.
1987	Operating as an agent for AI workstations, Hitron began to take root in universities and research institutions and produced great results.
1988	Computing business unit operating as an agent for SGI workstations, introducing a software application system. Operating projects included computer-aided design/manufacturing, animation, industrial design and real-time simulation. Established telecommunication business unit, distributed multiplex machine of NET exclusively. Ventured into network integration.
1989	Computing business unit distributed remote sensing software of ERDAS. Ventured into GIS. The telecommunication business unit became an exclusive agency for the number one brand in the teleconference system, PictureTel in Taiwan, and became the first company to introduce the teleconferencing system in the Asia Pacific.
1990	On top of the existing multiplex machine, telecommunication business unit added models from Republic Telecom, catering to customer needs in terms of flexibility, applicability, and practicality.
1991	Computing business unit secured substantial CAD/CAM procurement from Jui Li Enterprise Co. Ltd. Ventured into the automotive die-making industry. Laid a deep-rooted foundation for CAD/CAM making and distribution for MSI molecular modeling software.
1992	Due to expansion in operation, the head office was moved to a new office building in Wugu Industrial Park. Computing business unit distributed ESRI geographical information system exclusively and MultiGen real-time simulation software. Established a subsidiary in Hsinchu Industrial Park, aiming to develop high-tech value-adding products. Established subsidiary, Hitron Technologies (HK) Inc.
1993	The telecommunication business unit expanded to cross border networking integrated business. The R&D center in Hsinchu started establishing sales locations in Mainland China and took a step toward internationalized marketing.
1994	Computing business unit collaborated with GIS Consultants and completed many large scale governmental and public enterprise projects, formally venturing into application system development business. Launched digital loop carrier (DLC) developed by Hsinchu subsidiary; in the meantime, the timing clock system passed the examination of Directorate General of Telecommunications, MOTC, and became the first to pass in the country.
1995	The telecommunication business unit signed a distribution contract with a renowned networking conglomerate, Cisco to provide customers with an overall LAN/WAN solution. Developed automatic remote fiber test system at the Directorate General of Telecommunications end and launched in Mainland China.
1996	Established I.S.P subsidiary. Received contract from Army Command Headquarters and became the first contractor in the country to design and develop tank training simulator for the army. Became the first in the country to develop Digital European Cordless Telephone (DECT) and prepared to venture into the international market. Conferred Outstanding Corporate and Product Gold Award.

1997	Approved by Securities and Futures Bureau for IPO. Passed ISO 9001 certification. Won the sixth National Award of Outstanding SMEs conferred by SME Administration, MOEA, and SME Association of ROC.
1998	Approved by Taiwan Stock Exchange and IPO on Taiwan's OTC on December 10. Chairman, Davis Cheng conferred the 21st ROC Model for Entrepreneurs Award. Conferred "R&D Award" by MOEA.
1999	Purchased office building in Nankang Software Park. Established subsidiary, Asia Pacific On Line Co., Ltd.
2000	Sold internet business unit to the subsidiary, Asia Pacific On Line Co., Ltd. Listing of shares switched to Taiwan's main board on September 11. Developed a "portable base station" and made sales to various mobile service providers in the country. Applied for a patent in both Taiwan and Mainland China. Sold shareholdings in the subsidiary, Asia Pacific On Line Co., Ltd. to Eastern Broadband Telecommunications Co., Ltd., totaling 63,000 thousand shares at NT$12/share, or NT$756,000 thousand.
2001	Established subsidiary, Hitron Technologies (US) Inc.
2002	Factory plant of Hsinchu subsidiary in Hsinchu Science Park held a groundbreaking ceremony.
2003	Developed V5.2, and formally obtained network license in Mainland China. Established subsidiary, Interactive Digital International Co., Ltd. Passed the DOCSIS 1.1 BROADCOM, DOCSIS 1.1T1 and DOCSIS 2.0T1 certification of Cable Television Laboratories, Inc. in the US.
2004	Developed B-DLC G.SHD.S.L and 5.2 interfaces, and formally obtained network license in Indonesia. Developed CABLEGG commercial router, and assisted customers in obtaining a network license from Comcast in the US.
2005	Developed ML-eMTA, and obtained ODM orders from major brands in North America. Developed STM-1，Ethernet (EOS) and other service interfaces on the HTC-20210E system, and obtained certification from Chunghwa Telecom.
2006	Obtained approval per Document No. 09500242350 from Investment Commission, MOEA to invest in Hitron Technologies (SIP) Inc., Mainland China via a third country. Established subsidiary, "Hitron Technologies (Samoa) Inc.". Developed BRM-35302F, and obtained certification from Philip. Developed FOM, and obtained certification from Chunghwa Telecom.
2007	Obtained approval per Document No. 09600297080 from Investment Commission, MOEA to increase investment in "Hitron Technologies (SIP) Inc.". Obtained approval per Document No. 09600293480 from Investment Commission, MOEA to invest in "Hwa Chi Technologies (Shanghai) Inc.", Mainland China via a third country. BVG-3642(eMTA) product of the Company obtained certification from CableLab and met the Japanese specifications.
2008	Obtained approval per Document No. 09700240450 from Investment Commission, MOEA to increase investment in "Jietech Trading (Suzhou) Inc.". Developed Docsis 3.0 Cable Modem, and obtained certification from CableLab. Subsidiary, Hitron Technologies (HK) Inc. accomplished its objective and was thus dissolved. Subsidiary, Hitron Technologies (US) Inc. accomplished its objective and was thus dissolved.
2009	Obtained approval per Document No. 09900001720 from Investment Commission, MOEA to invest in Hitron Technologies (Europe) Co,. Ltd. via a third country for CHF500 thousand.
2010	Obtained approval per Document No. 09900215120 from Investment Commission, MOEA to invest in Jietech Trading (Suzhou) Inc. via a third country for US$750 thousand.
2011	Per JGZFZ No. 1000059641, FSC approved the second public issuance of a secured convertible corporate bond of NT$650,000 thousand.

On November 28, 2011, Taiwan Stock Exchange approved the Company to continue listing after business transfer. On November 29, 2011, the Board of Directors passed a resolution to establish the base date of the business transfer to be January 1, 2012.

Established subsidiary, Hitron Technologies Europe Holding B.V.

2012 Established subsidiary, Hitron Technologies (Americas) Inc.

2013 Per JGZFZ No. 1010058399, FSC approved the third public issuance of a secured convertible corporate bond of NT$500,000 thousand.

2014 Developed integrated wireless transmission 802.11ac, the most advanced transmission technology.

Developed MoCA interface in cable modem router.

Developed wireless transmission smart antenna technology in the Hitron Technologies cable modem router.

Integrated ZigBee and Wi-Fi function in the gateway to facilitate communication between various installations, providing integrative solutions to end users of MSO.

Subsidiary, Hitron Technologies (Europe) Co,. Ltd. accomplished its objective and was thus dissolved.

2015 Established subsidiary, InnoAuto Technologies Inc.

2016 Per JGZFZ No. 1050014740, FSC approved the fourth public issuance of a secured convertible corporate bond of NT$500,000 thousand.

Invested in “Suzhou Di Kai Electronic Technology Co.” to venture into the internet of the vehicle industry.

2017 Head office shifted from Wugu to Hsinchu Science Park and continued operation.

2018 Per JGZFZ No. 1070323237, FSC approved capital reduction and returned capital of NT$241,486 thousand.

The Board of Directors passed a resolution to establish a subsidiary in Vietnam.

2019 Subsidiary, Wei Tech (Samoa) Inc., Ltd. accomplished its objective and was thus dissolved.

Established subsidiary, Hitron Technologies Viet Nam company limited

Invited Alpha Networks Inc. to invest via private placement. Alpha Networks became a major Shareholder with a 10% stake.

2020 Alpha Networks Inc. publicly acquired 100,000,000 common shares of Hitron Technologies.

2021 The world’s first modem supporting Data Over Cable Service Interface Specifications (DOCSIS) Timing Protocol (DTP) was launched.

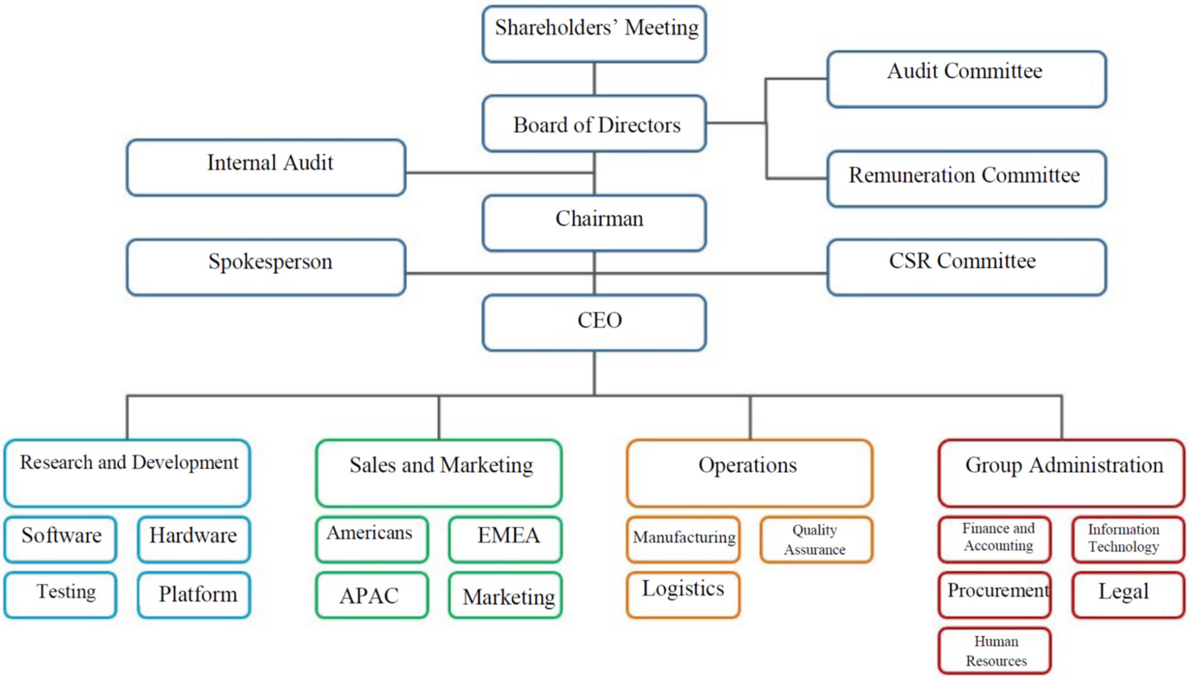
2022 We got "TCSA Bronze Award-ESG Report" & "TSAA Silver Award-Package Reduction" issued by Taiwan Institute for Sustainability Foundation (TAISE)

2023 We got "TCSA Silver Award-ESG Report" & "TSAA Silver Award-Recycled plastic to create green products" issued by Taiwan Institute for Sustainability Foundation (TAISE) & "Top 50% Sustainability Rating" issued by BRONZE.

Three. Corporate Governance

I. Organization of the Company

(I) Organization of the Company



(II) Role and Responsibility of Various Functions

Function	Role and Responsibility
Internal Audit	Internal management systems, policies, and procedures audit and control.
Research and Development	Advanced technology research, product roadmap planning, and product development and design.
Sales	Business development, sales, customer relations management, and post-sales services.
Marketing	Market trend analysis, support R&D to plan product roadmap and product marketing.
Manufacturing	Produce high-quality products to fulfill demands and required specifications from customers.
Quality Assurance	Quality system maintenance, quality assurance engineering, and quality control and inspections.
Logistics	Production control, warehouse management, customs, and international trading.
Finance and Accounting	Treasury, investment, foreign exchange, accounting, tax, and financial analysis.
Information Technology	Network infrastructure management, management information system, and information security.
Procurement	Supplier management, price negotiation, buying management and sourcing.
Legal	Compliance, contract review, lawsuit, confidentiality protection, IP, and patent management.
Human Resources	Organization development, talent and performance management, general affairs, facility, and ESH.

II. Information on Directors, General Manager, Deputy General Manager, Assistant Vice President and heads of Departments and Branches

1. Director Information

March 29, 2024

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Hirtrn and Other Companies (Note2)
							shares	%	shares	%	shares	%	shares	%		
Chairman	Republic of Cinal	Alpha Networks Inc.	-	2023.05.25	3	2020.02.03	200,000,000	62.24%	200,000,000	62.24%	-	-	-	-	EMBA, National Taiwan University Department of Economics, National Taiwan University Director, Qisda Optronics Corp.	Chairman, Alpha Networks Inc. CFO & President, Alpha Networks Inc. Chairman, Enrich Investment Corporation. Chairman, Transent Corporation. Chairman, Aespula Technology Inc. Director, BenQ Foundation. Chairman, Alpha Foundation. Director, Alpha Holdings Inc. Director, D-Link Asia Investment Pte Ltd. Director, Alpha Networks (Hong Kong) Limited. Chairman, Alpha Networks, Inc. (USA) Chairman, Alpha Solutions Co., Ltd. Chairman, Alpha Technical Services Inc. (Note2)
		Representative April Huang	Female 51-60	2023.05.25	3	2020.04.30	-	-	-	-	-	-	-	-		
Director	Republic of Cinal	Alpha Networks Inc.	-	2023.05.25	3	2020.02.03	200,000,000	62.24%	200,000,000	62.24%	-	-	-	-	EMBA, Thunderbird American Graduate School, U.S.A B.S., Electrical Engineering, National Cheng Kung University Technology Product Center EVP, BenQ Corp.	Chairman, Qisda Corp. Director, Darfon Electronics Corp. Chairman, DFI Inc. Vice Chairman, Alpha Networks Inc. Chairman, BenQ Medical Technology Corporation Chairman, Partner Tech Corp. Director, BenQ Materials Corp. Director, BenQ Corp. Director, Darly Venture Inc. Director, Darly2 Venture, Inc. Director, Darly Consulting Corporation Director, BenQ Healthcare Consulting Corp. Director, BenQ Hospital Management Consulting (NanJing) Co., Ltd. Director, NanJing BenQ Hospital Co., Ltd. Director, Suzhou BenQ Hospital Co., Ltd. Director, Qisda (Hong Kong) Limited. Director, BenQ BM Holding Corp. Director, BenQ BM Holding Cayman Corp. Director, Qisda (L) Corp. Director, Darly Venture (L) Ltd. Director, BenQ Foundation Director, Phoenix Innovation Investment Corporation. Director, PhoenixII Innovation Investment Corporation. Director, PhoenixIII Innovation Investment Corporation. Director, PhoenixIV Innovation Investment Corporation.
		Representative Peter Chen	Male 61-70	2023.05.25	3	2020.02.03	-	-	-	-	-	-	-	-		

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Hirtrn and Other Companies (Note2)
							shares	%	shares	%	shares	%	shares	%		
Director	Republic of Cinal	Alpha Networks Inc.	-	2023.05.25	3	2020.02.03	200,000,000	62.24%	200,000,000	62.24%	-	-	-	-	MSEE, Polytectnic University Manager, Industrial Technology Research Institute Assistant Vice President, Tecom Co., Ltd. President, Wireless Broadband Business Unit of Alpha Networks Inc. Senior Manager, Alpha Networks Inc.	President, Hitron Technologies Inc. Director, Alpha Solutions Co., Ltd Director,Alpha Networks Vietnam Company Limited Director, Alpha Networks (Changshu) Ltd. Director, Alpha Networks (Changshu Trading) Co., Ltd. Director, Transent Corporation. Director, Alpha Foundation Director, Aespula Technology Inc.
		Representative David Chou	Male 51-60	2023.05.25	3	2020.02.03	-	-	-	-	-	-	-	-		
Director	Republic of Cinal	Alpha Networks Inc.	-	2023.05.25	3	2020.02.03	200,000,000	62.24%	200,000,000	62.24%	-	-	-	-	Univ.of Nebraska, Lincoln Master of Science E.E Member of Scientific Staff, Bell Northern Research Senior Engineer, Advance Fiber Communication Manager, TollBridge Technologies Co-Founder, Codent Networks. President, Hitron Technologies Inc.	Vice President, Alpha Networks Inc. (Note2)
		Representative Patrick Chiu	Male 51-60	2023.05.25	3	2020.02.03	294,464	0.09%	294,464	0.09%	-	-	-	-		
Director (Note1)	Republic of Cinal	Alpha Networks Inc.	-	2023.05.25	3	2020.02.03	200,000,000	62.24%	200,000,000	62.24%	-	-	-	-	Bachelor, College of Engineering, National Taiwan University MBA, National Chengchi University General manager, BenQ Europe and Asia General manager, ViewSonic Europe and Asia Gogoro, GM of Global Distribution	-
		Representative Adams Lee	Male 41-50	2023.05.25	3	2022.03.01	-	-	-	-	-	-	-	-		
Director	Republic of Cinal	Amy Liu	Female 61-70	2023.05.25	3	2005.06.14	743,951	0.23%	548,951	0.17%	-	-	-	-	Department of International Business, Ming Chuan University EMBA,National Chengchi University Vice Chairman & Vice President, Hitron Technologies Inc. President, Interactive Digital Technologies Inc. President, Hitron Technologies Americas Inc. Director, Innoauto Technologies Inc. Director, Hitron Technologies (SIP) Inc.	Vice Chairman, Interactive Digital Technologies Inc. President, Interactive Digital Technologies Inc.
Independent director	Republic of Cinal	Lo-Min Chen	Male 61-70	2023.05.25	3	2017.06.13	-	-	-	-	-	-	-	-	Business Administration, National Chengchi University Global Executive Vice President of Diebold Nixdorf, Inc. (2009-2011) President, Asia Pacific Area of Diebold Nixdorf, Inc. (1998-2008) General Manager of Philips Electronics N.V China Group (1996-1998) General Manager of NCR China (1994-1996) Deputy General Manager of NCR Taiwan (1982-1993) Senior Consultant of Oki Electric Industry Co., Ltd .(2012-2015)	Independent Director, Transcend Information. Inc.
Independent director	Republic of Cinal	Mao-Chao Lin	Male 61-70	2023.05.25	3	2020.02.03	-	-	-	-	-	-	-	-	Ph.D. from the University of Hawaii Professor in the Department of Electrical Engineering, National Taiwan University (1993-) Professor in Graduate Institute of Communication Engineering, National Taiwan University (1997-) Independent Director, Alpha Networks Inc. (2004-2021)	Professor in the Department of Electrical Engineering, National Taiwan University Professor in Graduate Institute of Communication Engineering, National Taiwan University

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Hirtrn and Other Companies (Note2)
							shares	%	shares	%	shares	%	shares	%		
Independent director	Republic of Cinal	David Lee	Male 51-60	2023.05.25	3	2023.05.25	-	-	-	-	-	-	-	-	M.S., Graduate School of Management Science, National Chiao Tung University B.S., Mechanical Engineering, National Taiwan University Chairman and General Manager, Shanghai Dun Zhi Information Consultation Co., Ltd . (2015-2021) General Manager, Topology Research Institute, China (2009-2015) Consultant, Topology Research Institute, China (-2008)	Lecturer of Technology Industry, IBF Investment Consulting Co., Ltd.

Note1: Adams Lee, representative of corporate director, Alpha Networks Inc., resigned on October 1, 2023.

Note2: Please refer to the section “Director, supervisors and presidents of affiliates” in annual report.

Note3: Where the Chairman of the Board of Director and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed: None

Note4: Any Executive, Director, or supervisor who is a spouse or relative within the second degree of kinship: None.

Substantial shareholders of the corporate shareholder

Name of corporate shareholders	Substantial shareholders of the corporate shareholders	
	Name	Shareholding Percentage（%）
Alpha Networks Inc. (None1)	Qisda Corporation	54.60%
	Wistron Corporation	3.57%
	Darly Consulting Corporation	2.35%
	Darly Venture Inc.	2.26%
	Mitsubishi UFJ Morgstan Securities Co., Ltd-Equity Trading Division (Proprietary Trading Desk)	0.82%
	Darly2 Venture lnc.	0.77%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.61%
	JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	0.58%
	Investment account of Japan Securities Finance Co., Ltd. managed by JPMorgan Chase Bank	0.56%
	Wise Cap Limited Company	0.53%

None1：Source of information for Alpha Networks Inc. is recorded as of the book closure date of Alpha Networks Inc. on April 2, 2023

Substantial shareholders of corporate shareholders who are the substantial shareholders of the Company's corporate shareholders.

Name of institutional shareholders	Substantial shareholders of the corporate shareholders	
	Name	Shareholding Percentage（%）
Qisda Corporation (None1)	AU Optronics Corp.	17.04%
	ACER INCORPORATED	4.55%
	Taishin International Bank entrusted with the Qisda Corporation Employee Stock Ownership Trust Account	3.38%
	Konly Venture Corp.	2.55%
	Darfon Electronics Corp.	2.03%
	Citibank Taiwan Limited in custody for Norges Bank	1.23%
	ESUN COMMERCIAL BANK, LTD.	1.02%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	0.98%
	New Labor Pension Fund	0.97%
	Polunin Developing Countries Fund, LLC	0.97%
Wistron Corporation (None2)	Yuanta Taiwan Dividend Plus ETF	4.68%
	Labor Pension Fund	2.47%
	Acer Incorporated	1.89%
	J.P. Morgan Securities PLC	1.63%
	Fubon Taiwan high dividend 30 ETF	1.62%
	Taipei Fubon Bank Trust Account (employee share ownership trust)	1.49%
	BNP Paribas Arbitrage S.N.C.	1.49%
	Lin, Hsien-Ming	1.47%
	Taipei Fubon Bank Trust Account (employee restricted stock awards)	1.38%
	Fubon Life Insurance Co., Ltd.	1.38%

Name of institutional shareholders	Substantial shareholders of the corporate shareholders	
	Name	Shareholding Percentage（%）
Darly Consulting Corporation (Note 3)	Darly 2 Venture, Ltd.	54.89%
	Darly Venture Inc.	45.11%
Darly Venture Inc. (Note 3)	Qisda Corporation	100%
Darly 2 Venture, Ltd. (Note 3)	BenQ Corp.	100%
Wise Cap Limited Company (Note 3)	Wistron Corporation	100%

Note 1: Source of information for Qisda Corporation is recorded as of the book closure date of Qisda Corporation on March 31, 2023.
Note 2: Source of information for Wistron Corporation is recorded as of the book closure date of Wistron Corporation on April 17, 2023.
Note 3: Source of information for Department of Commerce, MOEA.

Professional qualifications and independence analysis of directors

Condition / Name	Key board qualifications, expertise and attributes	Meet conditions of independence（Note2）	Number of other public companies in which the individual is concurrently serving as an independent director
Chairman Alpha Networks Inc. Representative: April Huang	April Huang holds an MBA degree from National Taiwan University. Having been a GM of Qisda's Network Communication Group and chairman of Simula Technology, April Huang currently serves as chairman and CEO of Alpha Networks. Ms. Huang has extensive experience in product management and cross markets and product lines and possesses analytical and management skills covering corporate governance, business, marketing, and industrial technology.	Not applicable	0
Director Alpha Networks Inc. Representative: Peter Chen	Mr. Chen holds a Master's degree in Thunderbird School of Global Management. With over 30 years of experience, Mr. Chen was in charge of R&D for a variety of products and the Business Department at Qisda and served as a GM of Technology Product Center EVP of BenQ Corp. He possess professional technical background and is an expert on corporate governance, marketing and technology industries. He proposes timely corporate governance and operational management views and guidelines to the Board of Directors and requires the management team to formulate operational strategies to be implemented.	Not applicable	0

Condition / Name	Key board qualifications, expertise and attributes	Meet conditions of independence（Note2）	Number of other public companies in which the individual is concurrently serving as an independent director
Director Alpha Networks Inc. Representative: David Chou	David Chou holds a degree from MSEE, Polytectnic University. He served as an assistant vice president of Tecom and GM of the Wireless Business of Alpha Networks, responsible for development of various broadband products. He has a professional technical background and marketing and industrial technology capabilities.	Not applicable	0
Director Alpha Networks Inc. Representative: Patrick Chiu	Patrick Chiu holds an M.E degree from University of Nebraska-Lincoln. He joined Hitron Technologies in 2003. Over the past 18 years, he has been responsible for product technology R&D and management. With 30 years of experience in the industry, he has a professional technical background associated with marketing, operational planning, and management practical capabilities .	Not applicable	0
Director Alpha Networks Inc. Representative: Adams Lee（Note1）	Li, Tun-Hung holds master’s degree of MBA from National Cheng Chi University. He previously served as general manager of BenQ Europe and Asia and general manager of ViewSonic Europe and Asia. At present, he serves as vice president of the Business Operations Group in Hitron Technologies.	Not applicable	0
Director Amy Liu	Amy Liu holds an MBA degree from National Chengchi University and founded Hitron Technologies in 1986. With 35 years of experience in the industry, she is committed to new business ventures under Hitron and the Group. Ms. Liu is an expert in industrial management, business, financial analysis and crisis management.	Not applicable	0
Independent Director Lo-Min Chen	Lo-Min Chen graduated from Department of Business Administration National Chengchi University. He served as executive vice president of Diebold and President of Diebold Asia Pacific. At present, he serves as an independent director of Transcend Information and possesses analytical and management skills covering industry management, financial analysis, marketing, and industrial technology.	Compliant	1
Independent Director Mao-Chao Lin	Mao-Chao Lin holds a Ph.D. degree from the University of Hawaii and is currently a professor in the Graduate Institute of Communication Engineering, National Taiwan University. He has engineering, academic and industrial technical capabilities required for the Company’s business. He previously served as an independent director in a relevant network industry.	Compliant	0

Condition / Name	Key board qualifications, expertise and attributes	Meet conditions of independence（Note2）	Number of other public companies in which the individual is concurrently serving as an independent director
Independent Director David Lee	David Lee holds a master's degree in management science from the National Chiao Tung University. He served as the Chairman and President of the Shanghai Dun Zhi Information Consultation Co., Ltd., and the General Manager of Topology Industry Research Institute, China Region. He specializes in researching and analyzing the electronics and technology industry, with expertise in government relations in Mainland China, technology industry investments, strategic planning, and developing new business ventures.	Compliant	0

Note1: Adams Lee, representative of corporate director, Alpha Networks Inc., resigned on October 1, 2023.

Note2: Independence

(1) All meet the provisions o Article 3(1) of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

(2) There is no circumstances specified in the government agency, juristic person or authorized representative specified in Article 27 of the Company Act.

(3) They don't provide any commercial, legal, financial, accounting or related services to the Company or any affiliate of the company in recent 2 years.

(4) There is no circumstances specified in the shares and shareholding ratio held by independent directors and their spouse or relative within the second degree of kinship (or in the name of others).

Please refer to II. Information about directors, presidents, vice presidents, associate vice presidents, heads of departments and branches (I) Information about directors.

Note3: All the independent directors's professional qualifications and experience meet the provisions of Article 2(1) of "Regulations Governing Appintment of Independent Directors and Compliance".

The Borad of Director Diversity and Independence.

1. The Board of Director Diversity:

Article 20 of the Company's "Corporate Governance Best Practice Principles" states that the diversification policy for board member composition. When planning the formation of the board of directors shall consider the appropriateness and diversity of the professional background of the board members and the nomination and the election of the board members were according to the Article of Incorporate under the candidates nominating system. Except assessing the education and experience qualification and also consider the opinion of stakeholders to ensure the Board members are qualified with the rules.

The composition of the board shall have the necessary knowledge, skill, and experience to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

(1) Ability to make operational judgment.

(2) Ability to perform accounting and financial analysis.

(3) Ability to conduct management administration.

(4) Ability to conduct crisis management.

(5) Industrial knowledge.

(6) International market perspective.

(7) Ability to lead.

(8) Ability to make decisions.

The composition of Board Members shall be determined by taking diversity into consideration and formulating an appropriate approach on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

(1) Basic requirements and values: Age, gender, identity, and more.

(2) Professional knowledge and skills: Professional background, professional skills, industry experience, and more.

2. The Company’s fulfillment of diversification of members of the Board of Directors in 2023 is as follows:

Title	Diversified Core Item	Basic Composition									Professional Background and Ability					
	Name	Nationality	Gender	Concurrently as the employees of the Company	Age			Terms of service of independent directors			Crisis Management and International Market Perspective	Business management	Industry or Technology	Leadership decision making	Making judgments about operation	Finance and Accounting
					41 to 60	61 to 80	81 to 90	Less than 3 years	3-9 years	Over 9 years						
Chairman	April Huang	Republic of China	Female		V						V	V	V	V	V	V
Director	Peter Chen	Republic of China	Male			V					V	V	V	V	V	V
Director	David Chou	Republic of China	Male		V						V	V	V	V		
Director	Patrick Chiu	Republic of China	Male	V	V						V	V	V	V	V	
Director (Note1)	Adams Lee	Republic of China	Male	V	V						V	V	V	V	V	
Director	Amy Liu	Republic of China	Female			V					V	V	V	V	V	V
Independent Director	Lo-Min Chen	Republic of China	Male			V			V		V	V	V	V	V	V
Independent Director	Mao-Chao Lin	Republic of China	Male			V			V		V		V			
Independent Director	David Lee	Republic of China	Male		V			V			V	V	V	V	V	V

Note1: Adams Lee, representative of corporate director, Alpha Networks Inc., resigned on October 1, 2023.

11% of the Company’s directors are employees, 33% are independent directors, while 22% are female directors. 2 independent director serves a term of 3-9 years and 1 independent directors serve a term of less than 3 years.

3. Specific Management Objectives

Management Objectives	Achievement
Number of Directors who concurrently serve as Company managers do not exceed one-third of all Directors	Achieved
At least two seats of Directors are females.	Achieved
Independent directors may not serve more than 3 terms.	Achieved

4. The Board of Director Independence:

The company currently has a total of 9 director, including 3 independent directors (accounting for 33% of the directors respectively), by the end of 2023, al independent directors meet the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission for independent directors, and there is no relationship between the directors of a spouse or within the second degree of kinship. Therefore, there is no requirement of Article 26-3 of the Securities and Exchange Act. And the matter of item 4. In conclusion, the Board of Directors of the Company is Independent.

2. Documents of president, vice president, associate vice president and managers of each department and division

March 29, 2024

Title	Nationality or Place of Registration	Name	Gender	Date Appointed	Number of shares held		Shares held by spouse or underage children		Shareholding by Nominee Arrangement		Primary work or academic experiences	Position concurrently held in other companies (Note4)
					Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)		
President (Note1)	Republic of China	Patrick Chiu	Male	2021.01.26	294,464	0.09%	-	-	-	-	Univ.of Nebraska, Lincoln Master of Science E.E Member of Technical Staff, Northern telecom Senior Engineer, Advance Fiber Comm. Manager, TollBridge Technologies Co-Founder, Codent Networks.	-
President (Note1)	Republic of China	David Chou	Male	2024.03.01	-	-	-	-	-	-	MSEE, Polytectnic University Manager, Industrial Technology Research Institute Assistant Vice President, Tecom Co., Ltd. President, Wireless Broadband Business Unit of Alpha Networks Inc. Senior Manager, Alpha Networks Inc.	Director, Alpha Solutions Co., Ltd Director,Alpha Networks Vietnam Company Limited Director, Alpha Networks (Changshu) Ltd. Director, Alpha Networks (Changshu Trading) Co., Ltd. Director, Transent Corporation. Director, Alpha Foundation Director, Aespula Technology Inc.
Vice President (Note2)	Republic of China	Eric Pan	Male	2018.10.29	-	-	-	-	-	-	Master's Degree of Institute of Computer Science, National Chiao Tung University Assistant Vice President of R&D Division of CastleNet Technology Inc. Director, Broadband Telecommunication Division, Communication and Visual Products R&D Center, Pegatron Corporation	-
Vice President	Republic of China	Jimmy Huang	Male	2020.01.01	6,625	0.00%	-	-	-	-	Five Years program of Tungnan University Division Director, Shuttle Inc. Deputy General Manager of Diamond Digital Corp. Assistant Vice President of Global Brands Manufacture Ltd. Manager of NEXCOM International Co., Ltd.	None.
Vice President (Note2)	Republic of China	Adams Lee	Male	2021.08.02	-	-	-	-	-	-	Bachelor, College of Engineering, National Taiwan University MBA, National Chengchi University General manager, BenQ Europe and Asia General manager, ViewSonic Europe and Asia Gogoro, GM of Global Distribution	-

Title	Nationality or Place of Registration	Name	Gender	Date Appointed	Number of shares held		Shares held by spouse or underage children		Shareholding by Nominee Arrangement		Primary work or academic experiences	Position concurrently held in other companies (Note4)
					Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)		
Supervisor, Finance & Accounting Division	Republic of China	Allen Hsu	Male	2017.11.10	25,709	0.01%	-	-	-	-	Master's Degree in Accounting of Tunghai University Section Manager of the Accounting Division of Neo Solar Power Corp. Manager of Accounting Division of Camel Precision Co., Ltd.	(Note4)

Note1: President, Patrick Chiu, resigned on March 1, 2024. & President, David Chou , assumed office on March 1, 2024.

Note2: Vice President, Adams Lee , resigned on October 1, 2023.& Vice President, Eric Pan , resigned on November 16, 2023.

Note3: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed: None

Note4: Only the positions of public companies are listed; Please refer to the section "Directors, supervisors and presidents of dffiliates" in annual report.

Note5: Managers who are spouse or relatives within the second degree of kinship: None

III Compensation of Directors, Supervisors, President, and Vice President

1. Compensation to Directors

December 31, 2023; Unit: NT$ Thousand/ Thousands of Shares

Title	Name	Remuneration to Directors								Amount and ratio of Total Compensation(A+B+C+D) to Profit		Remuneration received by directors who is an employee of the Company								Amount and ratio of Total Compensation(A+B+C+D+E+F+G) to Profit(%)		Compensation from Affiliates Other than Subsidiaries
		Compensation (A)		Pension upon Retirement (B)		Director's Remuneration (C)		Business execution Expenses (D)				Salary, Bonuses, and Special expenese (E)		Pension upon retirement (F)		Employee's remuneration (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Representative of Alpha Networks Inc.: April Huang	6,572	9,694	0	0	115	115	290	420	6,977 143.00	10,229 209.65	8,374	15,450	189	189	75	3,216	0	0	15,615 320.05	29,084 596.11	94,967
Director	Representative of Alpha Networks Inc.: Peter Chen																					
Director	Representative of Alpha Networks Inc.: David Chou																					
Director	Representative of Alpha Networks Inc.: Patrick Chiu																					
Director (Note1)	Representative of Alpha Networks Inc.: Adams Lee																					
Director	Amy Liu																					
Independent director	Lo-Min Chen	4,391	4,391	0	0	37	37	230	230	4,658 95.47	4,658 95.47	0	0	0	0	0	0	0	0	4,658 95.47	4,658 95.47	0
Independent director	Mao-Chao Lin																					
Independent director	David Lee																					
Independent director (Note2)	Ming-Fu Huang																					

1. The correlation between the policies, regulars, standards, and structure of the remuneration, and the responsibilities, risk and time undertook by the Independent Director:
The remuneration is determined by the participation and contribution in the operation of the Company while taking into consideration the performance of counterparts, all of which the Board meeting is authorized to resolve. However, the remuneration to independent directors may be slightly higher than the remuneration to non-independent directors.
2. In addition to the disclosure in the above table, in the most recent fiscal year, compensation received by Directors (e.g., serving as a consultant for a non-employee of the parent company/companies included in the financial statements/investment businesses): None.

Table of compensation ranges

Range of Remuneration for Directors	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	Parent company and all invested businesses (Note3)
Less than NTD$1,000,000	April Huang、Peter Chen、David Chou、Patrick Chiu、Adams Lee、Ming-Fu Huang、David Lee	April Huang、Peter Chen、David Chou、Patrick Chiu、Adams Lee、 Ming-Fu Huang、David Lee	April Huang、Peter Chen、David Chou、Ming-Fu Huang、David Lee	April Huang、Peter Chen、David Chou、Ming-Fu Huang、David Lee
NTD$1,000,000 (included) to NTD$2,000,000 (excluded)	Amy Liu、Lo-Min Chen、Mao-Chao Lin	Amy Liu、Lo-Min Chen、Mao-Chao Lin	Amy Liu、Lo-Min Chen、Mao-Chao Lin	Amy Liu、Lo-Min Chen、Mao-Chao Lin
NTD$2,000,000 (included) to NTD$3,500,000 (excluded)			Adams Lee	Adams Lee
NTD$3,500,000 (included) to NTD$5,000,000 (excluded)				
NTD$5,000,000 (included) to NTD$10,000,000 (excluded)	Alpha Networks Inc.	Alpha Networks Inc.	Alpha Networks Inc. 、Patrick Chiu	Alpha Networks Inc. 、Patrick Chiu
NTD$10,000,000 (included) to NTD$15,000,000 (excluded)				
NTD$15,000,000 (included) to NTD$30,000,000 (excluded)				
NTD$30,000,000 (included) to NTD$50,000,000 (excluded)				
NTD$50,000,000(included) to NTD$100,000,000 (excluded)				
More than NTD$100,000,000				
Total	11 persons	11 persons	11 persons	11 persons

Note1: Adams Lee, representative of corporate director, Alpha Networks Inc., resigned on October 1, 2023.

Note2: The directors has been re-elected on 2023/05/25 shareholder's meeting, and Ming-Fu Huang was discharged.

Note3: All consolidated entities in the consolidated financial statements (including the company)

2. Compensation for President and Vice Presidents

December 31, 2023; Unit: NT$ Thousand/ Thousands of Shares

Title	Name	Salary (A)		Pension upon retirement (B)		Bonuses and Special expenses etc. (C)		Employee's remuneration (D)				Amount and ratio of Total Compensation(A+B+C+D) to Profit (%)		Compensation from Affiliates Other than Subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Patrick Chiu	10,636	10,636	302	302	1,854	1,854	169	0	169	0	12,961 265.65	12,961 265.65	0
Vice President (Note1)	Eric Pan													
Vice President	Jimmy Huang													
Vice President (Note1)	Adams Lee													

Note1: Vice President, Adams Lee , resigned on October 1, 2023.& Vice President, Eric Pan , resigned on November 16, 2023.

Table of compensation ranges

Range of Compensation Paid to General Manager and Deputy General Managers	Names of General Manager and Deputy General Managers	
	The Company	All companies included in the financial statements (Note2)
Less than NTD$1,000,000	Eric Pan	Eric Pan
NTD$1,000,000 (included) to NTD$2,000,000 (excluded)		
NTD$2,000,000 (included) to NTD$3,500,000 (excluded)	Adams Lee	Adams Lee
NTD$3,500,000 (included) to NTD$5,000,000 (excluded)	Jimmy Huang	Jimmy Huang
NTD$5,000,000 (included) to NTD$10,000,000 (excluded)	Patrick Chiu	Patrick Chiu
NTD$10,000,000 (included) to NTD$15,000,000 (excluded)		
NTD$15,000,000 (included) to NTD$30,000,000 (excluded)		
NTD$30,000,000 (included) to NTD$50,000,000 (excluded)		
NTD$50,000,000 (included) to NTD$100,000,000 (excluded)		
More than NTD$100,000,000		
Total	4 persons	4 persons

Note2: All consolidated entities in the consolidated financial statements (including the company).

3. Names of mangagers provided with employee's remunerations and state of payments

Unit: NT$ (thousand)

Title	Name	Stock	Cash	Total	Ratio of total amount to the net income after taxes (%)
President	Patrick Chiu	0	169	169	3.46
Vice President (Note1)	Eric Pan				
Vice President	Jimmy Huang				
Vice President (Note1)	Adams Lee				
Supervisor, Finance & Accounting Division	Allen Hsu				

Note1: Vice president, Adams Lee , resigned on October 1, 2023.& Vice president, Eric Pan , resigned on November 16, 2023.

4. Compare and describe the percentage of the total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to Directors, General Manager, and Deputy General Managers of the Company, relative to net profit after tax, and the correlation between policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and business performance and future risks.

(1) Analysis of the proportion of the total remuneration of Directors, General Manager and Deputy President of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements in the most recent two years:

	2023		2022	
Title	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Director	143.00	209.65	1.94	2.11
Independent director	95.47	95.47	1.03	1.03
President and Vice President	265.65	265.65	8.16	8.16

(2) The remuneration policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation of remuneration to business performance and future risks.

A. The remuneration of the directors of the company is paid by the board of directors in accordance with the authorization of the company's articles of association, according to the director's participation in the company's operation and contribution value, and with reference to the "Remuneration Regulations for Directors and Functional Committee Members" stipulated by the domestic and foreign industry standards. If the company has a surplus, the board of directors may, in accordance with the provisions of Article 29 of the company's articles of association, decide on the remuneration of directors for the current year within 1% of the profit for the current year. The company regularly evaluates the remuneration of directors in accordance with the "Measures for the Performance Evaluation of the Board of Directors", and the relevant performance evaluation and the rationality of the remuneration have been reviewed and approved by the Remuneration Committee and the Board of Directors.

B. The company's managers' remuneration, according to the relevant regulations on remuneration management, handles various work allowances and bonuses to show compassion and reward employees for their hard work at work. Relevant bonuses also depend on the company's annual operating performance, financial status, operation. In addition, if the company makes a profit in the current year, it will allocate more than 5%~20% as employee compensation in accordance with the provisions of Article 29 of the company's articles of association. The performance evaluation results implemented by the company in accordance with the "Performance Management Regulations" are used as a reference for the issuance of managers' bonuses. The performance evaluation items for managers are divided into one. Financial indicators: 1. According to the company's management profit and loss report, each business group department has Distribution of profit contribution, and considering the achievement rate of managers' goals; 2. Non-financial indicators: the practice of the company's core values, operational management capabilities, and participation in sustainable operations. Review the remuneration system in a timely manner according to the actual operating conditions and relevant laws and regulations.

IV. Implementation of Corporate Governance

1. Operations of the Board of Directors

The Company had convened 5 Board of Director meetings in 2023 with the following attendance:

Title	Name	Number of actual attendance	Number of proxies attendance	Actual attendance rate (%)	Remarks(Note1)
Chairman	Alpha Networks Inc. Representative: April Huang	5	0	100	Reelected
Director	Alpha Networks Inc. Representative: Peter Chen	5	0	100	Reelected
Director	Alpha Networks Inc. Representative: David Chou	5	0	100	Reelected
Director	Alpha Networks Inc. Representative: Patrick Chiu	5	0	100	Reelected
Director	Alpha Networks Inc. Representative: Adams Lee (Note2)	4	0	100	Reelected
Director	Amy Liu	5	0	100	Reelected
Independent director	Lo-Min Chen	5	0	100	Renewal of office
Independent director	Mao-Chao Lin	4	0	80	Renewal of office
Independent director	David Lee	3	0	100	Newly appointed, should attend three times.
Independent director	Ming-Fu Huang	2	0	100	Term expired, should attend twice

Note1: On May 25, 2023, the directors of the Company were re-elected.

Note2: Adams Lee, representative of corporate director, Alpha Networks Inc., resigned on October 1, 2023.

Other items that shall be recorded:

A. When one of the following situations occurred to the operations of the Board, state the date and term of the Board meeting, content of proposals, opinions of all Independent Directors and the Company's actions in response to the opinions of the Independent Directors:

(1) Matters included in Article 14-3 of the Securities and Exchange Act: regulations from Article 14-3 are not applicable since the Company has already established an Audit Committee. For explanations on matters stipulated in Article 14-5 of the Securities and Exchange Act, please see Operations of the Audit Committee.

(2) In addition to the aforementioned matters, any other resolutions from the Board of Directors where an Independent Director expressed a dissenting or qualified opinion that has been recorded or stated in writing: None.

B. For the recusal of Director(s), the name(s) of Director(s), the content of the resolution, the reason for recusal and the participation of voting for the resolution:

Date of Board Meeting	Name of Directors	Content of the Proposal	Reasons for Abstentiions	Participation in Voting
2023.02.23	April Huang、Peter Chen、David Chou、Patrick Chiu、Adams Lee、Amy Liu、Lo-Min Chen、Mao-Chao Lin	To nominate candidates of directors and independent directors	Relevant to personal interests of directors.	Did not participate in discussion or voting
	April Huang、Peter Chen、David Chou、Patrick Chiu、Adams Lee、Amy Liu、Lo-Min Chen	To lift non-competition restrictions on new directors and their representatives	Relevant to personal interests of directors.	
	Patrick Chiu	Approved the proposal for making guarantee for Hitron's wholly owned subsidiary	Concurrently serve as a director for 100% owned subsidiary	
	April Huang、Peter Chen	Approved Donation to BenQ Foundation	Concurrently serve as a director for BenQ	

Date of Board Meeting	Name of Directors	Content of the Proposal	Reasons for Abstentiions	Participation in Voting
			Foundation	
	Patrick Chiu、Adams Lee	Approved the distribution of 2022 employee's remuneration to senior managers	Concurrently serve as a managerof the Company	
	Patrick Chiu、Adams Lee	Approved the 2023 Senior Officer Bonuses and Raises Policy	Concurrently serve as a managerof the Company	
	April Huang、Peter Chen、David Chou、Patrick Chiu、Adams Lee	Handle with private placement common stock supplementary and issuance for listing	The director of the Company, Alpha Networks Inc. was the placee.	
2023.04.27	Patrick Chiu	Approved the proposal for making guarantee for Hitron's wholly owned subsidiary	Concurrently serve as a director for 100% owned subsidiary	
2023.05.25	Lo-Min Chen、Mao-Chao Lin、David Lee	Appointed the members of Remuneration Committee	Relevant to personal interests of directors.	

C. Implementation Status of Board Evaluations

The Board of Directors approved the "The Rules for Performance Assessment of the Board of Directors" on May 3, 2019, and approved the amentment on November 4, 2020, which stipulated the requirements of commencing performance appraisal to the Board and the Board members at least once per annual period. That at least one board of directors' performance evaluation shall be conducted by an external professional independent institution or external expert and scholar team every three years.

(1) The Company had completed the performance appraisal to the Board, the Board members and two Functional Committees by the end of 2023 and reported at the Board meeting in February of 2024, that is "excellent", which indicated the efficient and good operation by the Board.

(2) The Company has entrusted an independent evaluation institution, Taiwan Corporate Governance Association in 2018, to evaluate the performance of the board of directors of the Company. The evaluation was conducted with respect to eight main aspects: the composition, guidance, authorization, supervision, communication, self-discipline, internal control, risk management and other (ex: board's meeting and Support system, etc.) of the board of directors. The evaluation method includes online self-evaluation, written review of relevant documents, and a field survey that was conducted in July, 2023. The subjects of the evaluation included the chairperson, two independent directors, the president, the corporate governance officer and the Internal auditing officer. And Board meeting to report the evaluation results in October, 2023.

(3) Implementation status:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluatiion items
Annually	2023.01-2023.12	Board and Board members	Internal Self-Evaluation made by the Board and Board members	1. Alignment of the goals and missions of the company 2. Participation in the operation of the company 3. Management of internal relationship and communication 4. Improvement of the quality of the board of directors' decision making 5. Composition and structure of the board of directors 6. Awareness of the duties of a director 7. Election, professionalism and continuing education of the directors 8. Internal control
		Audit Committee	Internal Self-Evaluation made by Audit Committee	1. Participation in the operation of the company 2. Awareness of the duties of Audit Committee 3. Improvement of quality of decisions made by Audit Committee

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluatiion items
				4. Makeup of Audit Committee and election of its members 5. Internal control
		Remuneration Committee	Internal Self-Evaluation made by Remuneration Committee	1. Participation in the operation of the company 2. Awareness of the duties of Remuneration Committee 3. Improvement of quality of decisions made by Remuneration Committee 4. Makeup of Remuneration Committee and election of its members
Every three years	2022.06-2023.05	Effectiveness of the Board of Directors	The evaluation institution paper review and field survey	The eight main aspects: the composition, guidance, authorization, supervision, communication, self-discipline, internal control, and risk management of the board of directors

D. Targets for strengthening the functions of the Board of Directors in the current and the most recent year (e.g., setting up an Audit Committee and enhancing information transparency) and evaluation of target implementation:

(1) In accordance with Rules and Procedures of Board of Directors Meetings, the Board of Directors established a Compensation Committee in 2011 and Audit Committee in 2017, to assist the Board in executing its duties and enhance corporate governance and strengthen information transparency.

(2) Members of the Board of Directors have participated in various corporate governance courses. Lecturers have also been arranged to hold courses to strengthen the competency of the Board members.

(3)Meetings of Hitron Board shall be convened at least once per quarter. All members of the Board shall exercise the due care of a good administrator and bear fiduciary duty to manage exercise their powers with a high degree of self-discipline and prudence under the guidance of optimization of Shareholders' interest.

2. Operation of the Audit Committee

The Company had convened 4 (A) Audit Committee meetings in 2023 with the following attendance:

Title	Name	Attendance in Person	Number of times attended by proxy	Attendance Rate (%)	Remark
Independent director (Converner)	Lo-Min Chen	4	0	100	Renewal and -elected as new convener on May 25, 2023
Independent director	Mao-Chao Lin	3	0	75	Renewal
Independent director	David Lee	2	0	100	Newly elected; should attend twice
Independent director	Ming-Fu Huang	2	0	100	Former term; should attend twice

Note1: Full re-election the board of directors on May 25, 2023

Other items that shall be recorded:

A. If any of the following matters occurs during the operation of the Audit Committee, the dates, terms, contents of the proposal of the Board meetings, the opinions of all Independent Directors and the responses by the Company shall be cleanly described:

(1) Matters included in Article 14-5 of the Securities and Exchange Act: (Please see III. Corporate Governance Report – Material Resolutions from the Shareholders' Meeting and the Board of Directors of the Annual Report):
All resolutions have been approved with the consent of one-half or more of all Audit Committee members before a resolution has been reached at the Board meeting. There were no resolutions which had not been approved with the concurrence of one-half or more of all Audit Committee members but were undertaken upon the consent of two-thirds or more of all directors.

(2) Except the items in the preceding issues, other resolutions which had not been approved with the concurrence of one-half or more of all Audit Committee members but were undertaken upon the consent of two-thirds or more of all directors: None.

II. For the implemtnation of Directors' avoidance due to conflicts of interest of Directors, please clearly specify the names of Directors, the content of the proposals, the reasons of avoidance due to conflicts of interest and the participation in the voting amd resolution: None.

III. Communication between Independent Directors, the Internal Audit Director and CPAs (the major issues, methods and results of the Company's financial and business conditions shall be descripted in details):

(1) In addition to the monthly internal audit report, the Independent Directors also receive a quarterly internal audit report (including the audit report at the period and the follow-up audit report after the period, etc.) at the Audit Committee meetings. If there are special circumstances, they can timely report back to the Audit Committee. In 2023, no special circumstances were noted.

(2) The CPAs will report the audit results of the quarterly financial reports at the quarterly Audit Committee meetings and communicate any regulatory matters. If special circumstances arise, they will timely report to the Audit Committee. In 2023, no special circumstances were noted. The communication between the Audit Committee and CPAs remains effective.

IV. Annual Operation Highlights and State of Operation

(I) Annual Operation Highlights

1. Review on the Financial statements and communication on the key audit matters
2. Internal control system and related policy and procedures
3. Enacted of laws and regulation and compliance
4. Review on the derivatives, funding to others, endorsement and guarantee guideline and transaction
5. The engagement or dismissal of an attesting CPA, or the compensation given thereto.

(II)2023 operations: Proposals of the Audit Committee meetings have all been reviewed or approved by members of the Audit Committee with no dissent from any of the Independent Directors.

(III) Implementation of Corporate Governance, and Differences with Contents of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons:

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the Company established and disclosed its corporate governance principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?"	V		In accordance with "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", the Company has established "Corporate Governance Best-Practice Procedures" and make relevant disclosure on Market Observation Post System and the Company website: http://www.hitrontech.com.	No differences.
II. Shareholding structure and shareholders' interests (I) Has the Company implemented a set of internal procedures to handle Shareholders' recommendations, queries, disputes, and litigations? (II) Is the Company constantly informed of the identities of its major Shareholders and the ultimate controller? (III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with? (IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	V		(I) The Company has appointed a spokesperson and an acting spokesperson, and set up an investor section on the website for the contact information to handle shareholders' suggestions, questions, disputes and litigation matters. (II) In addition to obtaining shareholder information from the stock transfer book during the closing period and timely monitor the change of shareholding of major Shareholders, the Company makes a monthly declaration on the shareholding of internal personnel in accordance with the Securities and Exchange Act, Article 25. (III) The Company has established procedures to govern the management of affiliated companies in its internal control system. Moreover, the Company has also established "Procedures for Transactions with Specified and Affiliated Companies", implementing risk control and firewall mechanism. (IV) The company has established the " the Ethical Corporate Management Policies" and " Ethical Corporate Management Best Practice Principles of Employees" and " Procedures for Handling Material Inside Information " to regulate the use of undisclosed information on the market by insiders to buy and sell securities.	No differences.
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors formulated a diversity policy, specific management objectives and implement them? (II) Apart from the Compensation Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	V		(I) For the formulation and implementation of the Company's policy on diversity of board members, please refer to the chapter on diversity and independence of the board of directors (II) Hitron has established the Risk Management Committee. For more details on the operations, please see the Hitron website. On the other hand, although the Company does not establish the Nomination Committee, it adopts the candidate nomination system for the election of the directors (including independent directors) in terms of practical operations. The candidate list of the existing directors (including independent directors) shall be submitted by the shareholders holding more than 1% of the total number of outstanding Shares or by the Board of Directors. Meanwhile, the Board of Directors shall review and approve in advance the candidate list in accordance with the laws, and shall report to the regular shareholders' meeting for election.	No differences.

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Has the Company established Self-Evaluation or Peer Evaluation of the Board of Director? Is regular performance evaluation conducted, at least once a year, and the evaluation result is submitted to the Board to serve as a reference in determining the remuneration of individual Directors and a nomination for re-election?			(III) On November 7, 2018, the Board of Directors of the Company has passed the "Rules for Board Performance Evaluation". Please see the chapter of Implementation of Corporate Governance. According to the provisions in Article 29 specified in the Articles of Incorporation, the Company's director compensation shall not exceed the 1% of annual profit. The directors' compensation is prescribed based on the Company's operating results and the "Remuneration Guidelines for Directors and Committee Members of Functional Committee" with reference to evaluation results of Board performance by the Remuneration Committee and Board of Directors. According to the results of performance evaluation, the remuneration of directors is determined and the nomination for renewal is considered.	
(IV) Does the Company assess the independence of external auditors regularly?			(IV) The Audit Committee annually monitors the independence and suitability Hitron's external auditor by conducting the following evaluation standards and reports the same to the Board of Directors: 1.The auditor's independence declaration 2.The independence between the CPAs and The Company complies with the Accounting Act of the Republic of China, The Norm of Professional Ethics for Certified Public Accountant and other relevant regulations. 3.Ensure the audit partner rotates every five years. 4.The Company refers to the Audit Quality Indicators provided by the accounting firm and the Audit Quality Indicators Interpretation Guidelines issued by the regulator, to evaluate the audit quality of the accounting firm and the audit team. Audit Quality Indicators have five dimensions, including professionalism, independence, quality control, supervision, and innovation ability, and thirteen other indicators. After sufficient communication with CPA, the Company did not observe any issue that could impact the independence or qualification of the CPA. The evaluation result of the latest fiscal year was discussed and passed by the Audit Committee on October 26, 2023 and approved by the Board of Director on October 26, 2023.	
IV. Does the TWSE/TPEx listed company dedicate competent managers or a sufficient number of managers to take charge of corporate governance, and designate supervisors thereof to oversee the corporate governance affairs (including but not limited to providing information required for director/supervisor's operations, assisting the Board and Supervisors in legal compliance, convening Board/Shareholders' meetings in accordance with the law, applying	V		The Company appointed Allen Hsu as the Corporate Governance Officer by the approval of board of directors on March 16, 2021. He will be in charge of monitoring and planning of Corporate Governance and he is qualified by the criteria of Corporate Governance Supervisor stated on Paragraph 1, Article 3-1 of the Corporate Governance Best Practice Principles. The duties of Corporate Governance Officer includes furnishing information required for the business execution by directors and audit committee, updating information for newly revised laws and regulations and future revised trend to the directors and audit committee, assisting directors and audit committee compliance of law and regulations, report to the corporate governance committee and board of	No differences.

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
for/changing company registry, and producing meeting minutes of Board/Shareholders' meetings)?			directors for the functioning of corporate governance, handling matters relating to board meetings and shareholders meetings, producing minutes of board meetings and shareholders meetings, assisting directors and member of audit committee to be appointed, continuous studies and etc. The implementation highlight of corporate governance in 2023 as follows 1. Liabilities Insurance of the Company's directors and important employees and reported to the board of directors after completion of procedures. 2. 5 board of directors' meetings and 4 Audit Committee meetings were convened in 2023. 3. 1 Shareholders' Meeting was convened in 2023. 4. Board Members shall complete at least 6 credits of continuous courses. 5. Handling the performance evaluation of board of directors and functional committee, the evaluation result of the board of directors, audit committee, Compensation Committee were exceed the standards. 6. Assist the independent directors and general directors in performing their duties and providing necessary information and arranging further education for directors. 7. A performance evaluation of the Board was conducted and the results were "Excellent". 8.The board of directors' performance evaluation has been conducted, and the evaluation result was ranked as excellent. Regarding the 9th term of Corporate Governance Evaluation of the Company, the result was 21-35% 9.In 2023, the training hours for corporate governance executives totaled 12 hours. Please refer to pages 32 of the Annual Report for the complete information on the training courses.	
V. Has the Company established a means of communicating with its stakeholders (including but not limited to Shareholders, Employees, customers, suppliers, et cetera) or created a stakeholder section on the Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	V		The Company has established a stakeholder section on its website for communication with parties including investors, customers, suppliers and employees, so as to timely respond to corporate responsibilities issues that the stakeholders are concerned with.	No differences.
VI. Does the Company appoint the professional stock transfer agent to handle the affairs of the shareholders' meeting?	V		The Company has appointed the Registrar Agency "Department of Capital Securities Corp." to handle the affairs of the Shareholders' meeting.	No differences.
VII. Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information? (II) Does the Company adopt other avenues for information disclosure (e.g. setting up an English website, designating specific personnel to collect and provide disclosure on the	V		(I) Hitron has established the Investor Relations in its website in Chinese and English that discloses the information regarding financial or business operations as well as corporate governance. (II) The Company has a website in both Chinese and English, information collection and disclosure, the implementation of the spokesperson and deputy spokesperson system, and the presentation of institutional investor conferences are all placed on the Company's website.	No differences.

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
Company, implementing spokesperson system, disclosing the process of institutional investor conferences on the Company website and et cetera)? (III) Does the Company publicly announce and file the annual financial reports within two months after the accounting year-end, and publicly announce and file the first, second and third quarterly financial reports and monthly operating status reports before the stipulated deadlines?			(III) On February 26, 2024, Hitron has publicly announced the consolidated and Standalone financial reports in 2023; the financial reports in 2023 Q1, Q2 and Q3, in addition to the monthly operating status will be publicly announced on the Market Observation Post System (MOPS) prior to the designated deadlines and then upload them to the Company's website.	
VIII. Does the Company have other important information for better understanding the Company's corporate governance system (including but not limited to interests and rights of Employees,care for Employees, investor relations, relations with suppliers, relations with interested parties, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company's directors and supervisors)?	V		1. Interests and rights of Employees care for employees: The Company has established the Staff Benefits Committee, in which members are elected by open ballot. The fund is allocated to the Committee as a benefit to promote various welfare activities for the employees. Further, a pension fund is appropriated in accordance with labor law regulations and regular meetings between the Management and labor representatives are held to ensure effective communication taking place. 2. Investor relations: The Company makes honest disclosure in accordance with regulations to protect the basic rights and interests of the investors. 3. Relations with suppliers: The Company maintains a long term and interactive relationship with its suppliers. 4. Relations with interested parties: The Company has established a section for interested parties on its website to protect their relevant rights and interests. 5. Continuing education of directors: The Directors have taken securities-related courses in accordance with regulations, and satisfy the number of training hours stipulated. 6. Execution of risk management policies and risk measuring standards: The Company undertakes various risk management and assessment measures in accordance with major internal policies. In 2021, we set up the risk management committee and risk management policies for evaluating company risks and reducing corporate risks. Please see the company's website. 7. Execution of customer policies: The Company maintains a stable and constructive relationship with its customers to create more profits for the Company. 8. The Company purchases liability insurance for directors and managers, evaluates the insurance coverage regularly every year, and reports the directors' liability insurance renewal status to the board of directors.	No differences.
IX. Please describe improvements that have been made about the results of the corporate governance evaluation as prescribed by the Taiwan Stock Exchange Corporate Governance Center, as well as priorities and measures for matters that have yet to be improved. 1. The evaluation results of Corporate Governance Evaluation for Sy sage in 2022 were classified into three groups, which are the top 21%-35%, respectively. 2. Continue to deepen corporate governance, make the Company comply with international standards, and announce the annual financial statements before the end of February; and voluntarily provide financial statements in English quarterly to increase international visibility. 3. After the annual evaluation results are announced, the Company will review the projects tahat have not yet met the				

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
standards and continue to improve to implement information disclosure and transparency, reduce information asymmetry and enhance shareholder's rights.				

Date of training	Organized by	Course title	Number of hours of continuing professional education
2023.03.27	Chinese National Association of Industry and Commerce	Corporate Resilience - Taiwan's Competitiveness	3
2023.06.01	Taiwan Investor Relations Institute	Establishment and Key Points of Intellectual Property Management System for Enterprises	3
2023.06.02	Securities & Futures Institute	Prevention of Insider Trading 2023	3
2023.11.15	Securities & Futures Institute	2023 Seminar on Insider Trading Compliance	3
Accumulated hours of continuing professional education			12

(I) If the Company has established the Compensation Committee, its composition, responsibilities, and operation should be disclosed:

1. Professional Qualifications and Independence Analysis of Compensation Committee Members

Title	Name \ Criteria	Professional qualifications and experience	State of independence	Number of Other Public Companies in which the Individual is Concurrently Serving as a Compensation Committee Member
Independent director (Convener)	Lo-Min Chen	Please refer to Professional qualifications and independence analysis of directors. (P.10-P.17)	In compliance with Articles 5 and 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.	1
Independent director	Mao-Chao Lin			0
Independent director	David Lee			0

2. Responsibilities of the Remuneration Committee:
Establish a performance-based compensation system for the Company through an independent standpoint, fulfill functional authority given by the Board of Directors, and regularly submit proposals or recommendations on the compensation system to be discussed at Board meetings.

3. Information on the state of operation of the Compensation Committee

(1) The Remuneration Committee of the Company consists of 3 members.

(2) In 2023, the Remuneration Committee was held two times , and the attendance of the members was as follows:

Position	Name	Attendance in Person	By proxy	Attendance in Person (%)	Remarks(Note)
Convener	Lo-Min Chen	2	0	100	Reelected
Committee member	Mao-Chao Lin	1	0	50	Reelected, should attend two times
Committee member	David Lee	1	0	100	New appointment, should attend one time
Convener	Ming-Fu Huang	1	0	100	Former term, should attend one times

Note: On May 25, 2023, the Board of Directors of the Company appointed Lo-Min Chen, Mao-Chao Lin and David Lee as members of the Fifth Remuneration Committee, and the convener was Lo-Min Chen.

Other notes:

I. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Remuneration Committee, the date of the Directors' Meeting, session, contents of proposals, results of meeting resolutions, and the Company's disposition of opinions provided by the Remuneration Committee shall be described in detail (also, where the salary and compensation approved by the Directors' Meeting is better than that recommended by the Remuneration Committee, the differences and the reason for the approval shall be described in detail): None.

II. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Remuneration Committee, the date of the Directors' Meeting, session, contents of proposals, results of meeting resolutions, and the Company's disposition of opinions provided by the Remuneration Committee shall be described in detail (also, where the salary and compensation approved by the Directors' Meeting is better than that recommended by the Remuneration Committee, the differences and the reason for the approval shall be described in detail): None.

Date of Compensation Committee Meeting	Content of resolution	Voting result of resolution	Response of the Company toward the opinion of Compensation Committee
2023.02.23	1. Approved the 2022 distribution of employees and directors' remuneration. 2.Proposed the 2022 compensation distributions to senior managerial officers. 3.Proposed the 2023 compensation distributions to senior managerial officers. 4.Proposed the 2023 Bonus and Salary Adjustment Policy Discussion for Senior Managers.	Convener of the Remuneration Committee consulted the opinion of all attending remuneration committee members.	The proposal was approved without dissent and submitted for resolution at the Board meeting.
2023.10.26	1.Report on 2022 remuneration distribution for executive officers. 2. Report on executive officers' 2023 salary adjustment.	No Discussion required.	None

(V) Implementation of the promotion of sustainable development and the differences and reasons for the code of practice for sustainable development of listed OTC companies.

Assessment criteria	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
I. Has the company constructed a governance structure to promote sustainable development and established a dedicated (part-time) unit for the promotion of sustainable development, which is managed by senior management by authorization of the Board of	V		The Company began to introduce a CSR Committee in 2019 and is committed to promoting CSR-related activities. In 2021, relevant departments were integrated to establish an ESG Committee for internal promotion. Based on the economic, social, and environmental aspects, the committee expanded environmental initiatives into "sustainable	No differences.

Assessment criteria	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
Directors and is supervised by the Board of Directors?			products," "sustainable operations," and "sustainable supply chains." Additionally, it included the social aspect of "social responsibility" and the economic aspect of "corporate governance," encompassing five major aspects to promote sustainable business-related projects. The committee also established management performance indicators for each aspect. The committee is chaired by General Manager Patrick Chiu, and the heads of each department serve as committee members. The secretary-general is responsible for coordinating and promoting cross-departmental corporate sustainability development affairs, convening regular meetings, reporting on performance indicators, and the progress of corporate social responsibility reports. Additionally, the committee reports annually to the board on material topic identifications and management outcomes, and the board reviews the ESG strategies and establishment of objectives each year, urging adjustments to the operating team when necessary. The 2023 execution status was reported in February 2024.	
II. Has the Company performed risk assessment pertaining to the environment, community and corporate governance issues related to the operation of the Company in accordance with the materiality principle, and established the corresponding risk management policies or strategies?	V		We follow the materiality identification guidelines of the GRI Standards when conducting a risk evaluation. We regularly issue questionnaires to further understand material topics covering economic/governance, environment, society and health and safety aspects that concern stakeholders. Moreover, we review the meaning and impact of the material topics identified for the year, set annual management risk targets, review the targets, and disclose the results of the management targets. Plseas refer to the ESG section of the Company's website.	No differences.
III. Environmental issues (I) Has the Company developed an appropriate environmental management system, given the distinctive characteristics of its industry? (II) Is the Company committed to achieving efficient use of energy, and using renewable materials that produce less impact on the environment?	V		(I) The Company takes various environmentally friendly actions, including reducing the use of energy resources, minimizing emissions of harmful substances, and maximizing the recycling of energy resources to achieve environmental sustainability. The environmental management system is formulated in accordance with the ISO 14001 international standard for environmental management systems to effectively manage non-compliance with environmental regulations in the Company's activities, processes, products, services, and other processes and to continuously improve environmental management to ensure compliance with ISO 14001 environmental management system and RoHS requirements. (II) The Company continues to improve the efficiency of environmental pollution prevention and energy use, and design and manufacture of green products to minimize their impact and damage on the environment while taking into account the needs of	No differences.

Assessment criteria	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			stakeholders, environmental considerations and efficient use of energy, and at the same time, comply with EU RoHS, WEEE, and other directives, and continue to promote the improvement of product performance to meet the requirements of the EU ErP directive. We adopt the Life Cycle Thinking (LCT) concept in the product development stage, gradually include the green design concepts, and make adjustments in line with the updates of international environmental protection laws and regulations at any time. All products comply with relevant product requirements.	
(III) Has the Company assessed the present and future potential risks and opportunities posed by climate change to the Company and undertaken countermeasures pertaining to climate change?			(III) The Company discloses the risks and opportunities brought about by climate change in accordance with the Task Force on Climate-Related Financial Disclosures, and evaluates the potential impact and financial impact on the enterprise, and takes relevant countermeasures to strengthen the Company's ability to adapt to climate change. Please refer to the ESG section on the Company's website.	
(IV) Has the Company measured its greenhouse gas emission, water use, and the total weight of waste for the past two years, and established policies pertaining to energy conservation, reduction in carbon and greenhouse gas emission, reduction in water use, or management of waste disposal?			(IV) The Company recognizes the importance of energy conservation and emission reduction. For central air conditioning operating hours and temperature control, energy-saving lamps and equipment are regularly inspected and replaced to reduce power consumption. The emissions of greenhouse gases were 848.883 metric tons in 2022 and 890.133 metric tons in 2023, an increase of 41.25 metric tons (approximately 4.9%). Water usage was 4,912 tons in 2022 and 5,021 tons in 2023, an increase of 109 tons (approximately 2.2%). The total amount of waste was 27.801 tons in 2022 and 25.894 tons in 2023, a decrease of 1.907 tons (approximately 6.9%). For the greenhouse gas inventory verification, we are expected to obtain the ISO 14064-1:2018 verification certificate issued by the third-party organization SGS in the second half of 2024.	
IV. Social Issues (I) Has the Company developed its policies and procedures in accordance with laws and the International Bill of Human Rights?	V		(I) The Company conforms to the Universal Declaration of Human Rights, International Labor Organization-Declaration of Fundamental Principles and Rights at Work, International Labour Convention, the Sullivan principles and other human rights standards, as well as adopting standards that are in line with Responsible Business Alliance (RBA), complying with the law and regulations of countries which business locations are in, protecting human rights of employees and conforming to Labor Standards Act and internal policies of the	No differences.

Assessment criteria	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
			Company established in accordance with various law statutes. The Company has also established a "Code of Conduct for Suppliers" and required compliance from its suppliers.	
(II) Has the Company established and implemented reasonable Employee benefit measures (including salary, leave, and other benefits), reasonably reflecting the operating results in Employee salary?			(II) The working environment, development and protection of our employees are important to us. As such, we make a concerted effort to conform to and respect the local law and regulations, and universally acknowledged human rights. We feel compelled to make each colleague to be treated fairly and respectfully. Apart from providing a safe and healthy work environment, we have also adopted a market-averaged salary policy. Via diversified learning courses and transparency in the promotion process, we ensure that our employees can enjoy growth and development.	
(III) Does the Company provide employees with a safe and healthy work environment? Are Employees trained regularly on safety and health issues?			(III) The Company cares for the work-life balance of its employees and is keen to provide the most comfortable recreational spaces and hold various sporting events from time to time. Further, the Company provides safe and comfortable breastfeeding spaces, regularly provide medical checkups for employees, and hires professional lecturers to hold fire drill exercises, and safety and precaution courses, thus strengthening the crisis response capability of the employees, effectively enhancing the personal safety and reducing property damage.	
(IV) Has the Company implemented an effective training program that helps Employees develop skills throughout their career?			(IV) To enhance the technical and management competency of employees, the Company holds training courses according to functionality and ranking of employees or sends them for external training courses, to cultivate the competency of employees in different professional areas.	
(V) Pertaining to issues regard the health and safety of customers when using the Company's products and services, consumer privacy, marketing and labeling, does the Company comply with the relevant regulations and international standards, and establish relevant policies on consumer or customer protection and complaint procedure?			(V) The Company has designated specific personnel and e-mail address and created a stakeholders section on the Company website to provide a channel for responding to customers' queries, complaints or recommendations promptly, and thus providing high-quality services.	
(VI) Has the Company established policy on supplier management, demanding suppliers to observe code of conduct pertaining to environmental protection, labor			(VI) The Company has established supplier evaluation procedures. The suppliers of the Company must sign a declaration statement (environmental protection statement, integrity commitment statement and anti-	

Assessment criteria	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary description	
safety, and health or labor rights, and monitoring their implementation?			terrorism agreement, etc.) in accordance with these procedures and meet the product safety and business integrity requirements of the Company. The suppliers should undertake CSR. If any violation is found, the Company may terminate contracts with the supplier with immediate effect and request for damages.	
V. Does the Company refer to universal standards or guidelines for report preparation when preparing for the Sustainability Report and other non-financial disclosure reports? Does the Company obtain the confirmation or affirmation opinion from a third party for the aforementioned reports?	V		The 2023 Sustainability Report of Hitron is prepared in accordance with the Core option of the Global Reporting Initiative (GRI) Standards and AA 1000 AS 2008 (verified by Taiwan Weili International Quality Assurance Co. of Bureau Veritas). The company expects to hold a board meeting resolution in 2024Q2, the Report is published by the end of August 2024.	No differences.
VI. If the Company has established its own Sustainable Development Principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the current practices and any deviations from the Best Practice Principles: The Company set up a Corporate Sustainable Development Responsibility Committee in 2019. The Committee is responsible for promoting corporate sustainable development and social responsibility-related activities. The Company has also set up "CSR Best Practice Principles" and the overall operation is not different from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".				
VII. Other important information that helps understand the implementation of sustainable development: For information about Sustainable Development Best Practice Principles of the company, such as corporate governance, environmental safety, and social welfare, please refer to the company website.				

(VI) Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and govenance of climate-reated risks and opportunities.	Since the Industrial Revolution, humans have used a large amount of fossil fuels in industrial activities, which have produced a large amount of greenhouse gases, such as carbon dioxide, facilitating the greenhouse effect and leading to rising average temperatures. The rising average temperatures has led to sea level rise, changed rainfall patterns, the climate in certain regions, and even the entire ecosystems. The issue of climate change has threatened the living environment of all living things. With the domestic Greenhouse Gas Reduction Act and the international Paris Agreement taking effect, the world will gradually attach greater importance to carbon management issues. Thus, as a member on the earth, we examined the impact of climate change that may face the Company's operations, planned climate strategies, and conducted carbon management to pursue sustainable business development. Climate-related topics and the results of climate-related implementation of Hitron's Sustainable Development Committee are included in the annual report to the board of directors. With reference to the Climate Change Reporting Framework (CDSB) and recommendations & implementation guide of the Task Force on Climate-related Financial Disclosures (TCFD), Hitron considered and identified the opportunities and risks affecting the business. To promote sustainable development, we have divided the environmental aspect into "Sustainable Products", "Sustainable Operations", and "Sustainable Supply Chain", drawn up development strategies and management objectives, managed them with KPIs. Hitron's carbon management is not only focused on organizational greenhouse gas emissions but on the analysis and management of the impact of our products on the environment to be conforming to relevant international standards, such as ISO 14064-1, an international standard for quantifying and reporting greenhouse gas emissions and introduced product carbon footprint (ISO14067). In 2023, the Company completed third-party verification of the carbon footprint (ISO 14067) of its first European product. It also completed organizational greenhouse gas inventories and verification (ISO 14064-1) for major company operations and joined the CDP Carbon Footprint Disclosure initiative. For details, please refer to the "Climate Change Governance" chapter of the Company's Sustainability Report. We evaluated the climate change risks and opportunities based on the Company's internal risk identification process and incorporated the risks and opportunities defined by TCFD; and included climate-related risks and opportunities in the Company's operations and asset management. For detailed information on Hitron's main climate-related risks, please refer to the "Climate Change Governance" chapter of the Company's Sustainability Report. The opportunities from climate change adaptation for organizations include improved resource use efficiency, cost reduction, adoption of low-carbon energy, development of new products and services, entry into new markets, and improved supply chain resilience. Hitron's ESG Committee evaluated climate-related opportunities based on their impact on the Company's operations and likelihood of occurrence. For details, please refer to the "Climate Change Governance" chapter of the Company's Sustainability Report.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	
3. Describe the financial impact of extreme weather events and transformative actions.	
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The Company has not yet used scenario analysis to assess climate change risks. In the future, the Company will conduct relevant risk scenario analysis for RCP 4.5 & RCP 8.5 and disclose them in the relevant chapters of the Sustainability Report.

Item	Implementation status
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Please refer to the relevant disclosures in accordance with TCFD.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company has not implemented the internal carbon pricing, but will plan it in the future.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	The Company currently participates in CDP, and will introduce SBTi in the future and actively plan for the use of renewable energy and the purchase of RECs.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan	Please refer to the following table for explanation.

Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

(1) Greenhouse gas inventory information

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

The 2022 and 2023 greenhouse gas emissions (tCO2e) and emission intensity (tCO2e/NTD 1 million in revenue) are as follows:

Years	Scope1	Scope2	Scope3	Total (Metric tons of O2e)	Emission intensity (tCO2e/NTD 1 million in revenue)
2023	217.5119	6,134.1108	19,981.4598	26,333.083	2.800
2022	215.7258	8,860.3124	31,156.2344	40,232.273	3.266

Data covers Hsinchu headquarters and Vietnam factory

(2) Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

Hsinchu Headquarters (2022 & 2023): Greenhouse gas data are verified by SGS in accordance with the ISO14064-1:2018 standard. Scope 1 and Scope 2 are reasonable assurance level; Scope 3 data is limited assurance level

Vietnamese Factory (2022 & 2023): Greenhouse gas data are verified by SGS in accordance with the ISO14064-1:2018 standard. Scope 1 and Scope 2 are reasonable assurance level; Scope 3 data is limited assurance level

(3) Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.
Baseline year and data for greenhouse gas reduction : Taking 2021 as the base year, the greenhouse gas emission was 25,922.749 tCO2e (including: 253.5578 tCO2e for scope 1, 8,994.3544 tCO2e for scope 2, and 16,674.837 toCO2e for scope 3). **Reduction target :** 1% reduction per year, and 20% reduction by 2035; **Strategy :** Since 2011, Hitron has established a greenhouse gas inventory by referring to the requirements of the organizational greenhouse gas emission (ISO 14064-1) and the Greenhouse Gas Inventory Protocol (GHG Protocol), and has conducted annual greenhouse gas inventory verification. The greenhouse gas emissions inventory results for 2021 have been verified by a third party (SGS) in accordance with ISO 14064-1. Hitron's Vietnam Factory (new plant) began to introduce GHG emissions inventory and ISO 14064-1 third-party (BSI) verification in 2022. Actively promote sustainable development of the enterprise, conduct greenhouse gas inventory and verification of the consolidated company in accordance with the Financial Supervisory Commission's Sustainable Development 3.0, join CDP and SBTi, use renewable energy, and begin to promote greenhouse gas management in the supply chain, and promise to reduce the environmental pollution of organization and products to meet international trends and customer expectations. **Specific action plan:** 1) Energy conservation through lights: We gradually replaced traditional lamps with energy-saving LED ones at the plants; adopted smart lights for the parking lots; and we reduced emissions by about 27 tCO2e a year; 2) Energy conservation through air-conditioning: We improved the efficiency of the main equipment of air conditioners; increased the temperature of water used by air conditioners; we reduced emissions by about 11 tCO2e a year; 3) Energy conservation awareness raising: On Earth Day on April 22 , we turned off the lights for one hour to motivate people to turn off the lights during lunch breaks and when the lights were not being used. 4) Hitron began to actively introduce product Carbon Footprint self-disclosure and ISO14067 third-party verification to disclose carbon emissions at various stages and continue to take reduction measures; 5) Joined CDP and SBTi 6) Use of renewable energy **Reduction Target Achievement :** GHG emissions in 2023 reduced by 1.5% compared to the base year

(VI) Implementation of Ethical Management and Implemented Measures:

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (I) Does the Company establish corporate conduct and ethics policy that is approved by the Board of Directors and document such policy and procedure, as well as ensuring the commitment of the Board and Management team in the implementation of the policy thereof, in the bylaws and publicly available documents? (II) Has the Company established a risk assessment mechanism for unethical conduct, analyzed and evaluated activities that contain a higher risk of unethical conduct in the operating aspect on a regular basis, and established measures for the prevention of unethical conduct, which at least covering the business activities prescribed in the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" article 7 paragraph 2? (III) Does the Company establish relevant policies that are duly enforced to prevent unethical conduct, provide and implement operating procedures, behavioral guidelines, the penalty for violation and appeal system in such policies, as well as evaluating and amending the aforementioned policies on a regular basis?	V		(I) The Company has established the "Ethical Corporate Management Best Practice Principles" which has been approved by the Board of Directors. The policies and practices for ethical management are clearly defined. The members of the Board of Directors and the management have signed the Declaration of Ethical Corporate Management to actively implement the commitment of the operating policy. (II) The Company has established the "Business Integrity Procedures and Behaviors" and "Whistleblowing and Complaint Management Measures," which explicitly prohibit the receiving or giving of gifts, discounts or special treatments, leaking trade secrets, providing illegal political donations, and other violations of integrity conducts. The Company has conducted awareness training and taken preventive measures to implement its integrity management policy. (III) The Company has established the "Employee Integrity and Ethics Code" and the "Whistleblowing and Complaint Management Measures" to clearly regulate and implement the unethical behaviors. The Company regularly promotes the Business Integrity Procedures and Behaviors and reviews and amends the relevant measures.	No differences.
II. Implementation of integrity management (I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners? (II) Does the Company task a unit that reports directly to the Board of Directors and with promoting ethical standards, making periodical updates (at least once a year) to the Board on business integrity management policy, as well as the supervision of	V		(I) The Company insists on integrity management when conducting business activities. For its suppliers and customers, the Company always first considers the legality in transacting with them and if they have a misconduct record, and requires the suppliers to submit an integrity commitment statement. (II) The Company designates the Human Resources Department as the specific unit in promoting integrity management, interpretation and consultation services, content reporting, account access and documentation, as well as supervision. The Company regularly reports the execution of integrity management to the	No differences.

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
measures for prevention of unethical conduct?			Board of Directors every year. On February 26, 2024, the execution of integrity management for 2023 had been reported to the Board of Directors.	
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?			(III) The "Code of Conduct for Directors and Managers," "Business Integrity Procedures and Behaviors" and "Rules and Procedures of Shareholders Meeting" established stipulate that in case of conflict of interest, parties involved must recuse themselves. The Company provides whistle-blowing channels for reporting illegal activities or misconduct behavior.	
(IV) Has the Company implemented effective accounting and internal control systems to maintain business integrity? Are these systems reviewed by internal or external auditors on a regular basis?			(IV) The Company has established and implemented accounting and internal control systems, and internal auditors regularly conduct audit reviews to examine its compliance. Audit reports are then submitted to the Board of Directors.	
(V) Does the Company conduct internal and external ethical training programs on a regular basis?			(V) The "Ethical Corporate Management Best Practice Principles" and "Business Integrity Procedures and Behaviors" established have been put on the Company website and integrated into the training for new employees, as well as other training seminars, to ensure that employees fully understand the content and conform to them.	
III. Implementation of whistle-blowing system (I) Does the Company provide incentives and means for Employees to report malpractice? Does the Company dedicate personnel to investigate the reported malpractice? (II) Has the Company implemented any standard procedures or confidentiality measures for handling reported malpractices? (III) Does the Company assure malpractice reporters that they will not be mistreated for making such reports?	V		The Company has established a specific whistle-blowing mailbox that the Chairman has direct access, in which the identity of the whistleblower and the content reported are strictly protected. The Chairman shall designate specific personnel for the investigation. The "Code of Conduct for Employees" and "Business Integrity Procedures and Behaviors" stipulate that violation of integrity conduct will be punished.	No differences.
IV. Enhanced information disclosure (I) Has the Company disclosed relevant CSR principles and implementation on its website and Market Observation Post System?	V		The company's website has a corporate governance area disclosing information related to ethical management.	No differences.
V. If the Company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", please describe its current practices and any deviations from the Best Practice Principles: No material deviation.				
VI. Other information relevant to understanding the Company's business integrity (e.g. review and amendment of the code of conduct of business integrity etc.): 1. The "Rules and Procedures of Board of Director Meetings" provides for the Director recusal system for conflict of interest. For the agenda of the Board meetings in which the Director has any conflict of interest, whether personal or				

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	

related to the corporates represented, material information regarding the conflict of interest must be disclosed at the Board meeting. If the conflict of interest may damage the Company's interest, the Director is refrained from participating in the discussion and voting. During the discussion and voting, the Director should excuse oneself and is forbidden to act as a proxy to other Directors in the voting process.

2. The Company has established "Guidelines for Process of Internal Major Information and Insider Trading Prevention Management" which stipulate insiders and personnel who obtain information from their position shall not leak the said information.
3. The Company complies with the Company Act, the Securities and Exchange Act, and other laws and regulations, and is committed to implementing integrity management.

(VII) For Corporate Governance Guidelines and Regulations and other relevant internal policies, the Company should disclose how to access to these policies.

Currently, the Company has established "Ethical Corporate Management Best Practice Principles", "Code of Conduct for Directors and Managers", "Audit Committee Charter", "Compensation Committee Charter", "CSR Best Practice Principles", "Corporate Governance Best Practice Principles", "Rules and Scope of Duty of Independent Directors" and other major internal policies and are disclosed on Market Observation Post System and the Company website.

(VIII) Other important information for enhacing understanding of the implementation of corporate governance:

1. The Company approved a resolution of the board of directors to appoint a corporate governance officer to protect the rights and interests of shareholders and strengthen the functions of the board of directors on March 16, 2021.
2. The newly-elected directors of the Company will be given the brochure published by the authority with the contents including various laws, regulations and precautions to facilitate legal compliance.
3. The Company regularly arranges for directors to attend corporate governance courses. Please see the following table for corporate governance training undertaken by directors in 2023.

Job Title	Name	Date of training	Organized by	Course title
Corporate Director Representative	April Huang	2023.06.01	Taiwan Investor Relations Institute	Establishment and Key Points of Intellectual Property Management System for Enterprises
		2023.12.01	Independent Director Associatiion Taiwan	Tax governance in the new tax environment
Corporate Director Representative	Peter Chen	2023.06.01	Taiwan Investor Relations Institute	Establishment and Key Points of Intellectual Property Management System for Enterprises
		2023.12.01	Independent Director Associatiion Taiwan	Tax governance in the new tax environment
Director	Amy Liu	2023.06.02	Chinese National Association of Industry and Commerce	2023 Taishin Net Zero Summit
		2023.10.13	Securities & Futures Institute	Prevention of Insider Trading 2023
Corporate Director Representative	David Chou	2023.06.01	Taiwan Investor Relations Institute	Establishment and Key Points of Intellectual Property Management System for Enterprises
		2023.12.08	Securities & Futures Institute	Establishment and Key Points of Intellectual Property Management System for Enterprises
Corporate Director Representative	Patrick Chiu	2023.06.01	Taiwan Investor Relations Institute	Establishment and Key Points of Intellectual Property Management System for Enterprises

Job Title	Name	Date of training	Organized by	Course title
		2023.06.09	Securities & Futures Institute	Prevention of Insider Trading 2023
Corporate Director Representative (Note1)	Adams Lee	2023.06.01	Taiwan Investor Relations Institute	Establishment and Key Points of Intellectual Property Management System for Enterprises
		2023.06.02	Securities & Futures Institute	Prevention of Insider Trading 2023
Independent director	Lo-Min Chen	2023.06.02	Chinese National Association of Industry and Commerce	2023 Taishin Net Zero Summit
		2023.10.20	Securities & Futures Institute	Prevention of Insider Trading 2023
Independent director	Mao-Chao Lin	2023.06.01	Taiwan Investor Relations Institute	Establishment and Key Points of Intellectual Property Management System for Enterprises
		2023.06.09	Securities & Futures Institute	Prevention of Insider Trading 2023
Independent director	David Lee	2023.06.01	Taiwan Investor Relations Institute	Establishment and Key Points of Intellectual Property Management System for Enterprises
		2023.06.02	Securities & Futures Institute	Prevention of Insider Trading 2023
		2023.09.08	Securities & Futures Institute	Initiation of succession plan - employee remuneration plan and inheritance of equity
		2023.09.26	Securities & Futures Institute	Trade secret risk and management under digital transformation
Supervisor, Accounting Division	Allen Hsu	2023.05.18-2023.05.19	Accounting Research and Development Foundation.	Advanced Studies for Principal Accounting Supervisors of Issuers, Securities Firms, and Securities Exchanges

Note1: Adams Lee, representative of corporate director, Alpha Networks Inc., resigned on October 1, 2023.

(IX) Internal Control Systems should disclose the following:

1. Statement of Internal Control System

Hitron Technologies Inc.
Statement of Internal Control System

Date: February 26, 2024

The Company declares the following concerning its internal control system during the fiscal year 2023, based on the findings of a self-assessment:

I. The Company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibilities of the Board of Directors and Managers of the Company. As such, the Company has established the aforementioned system. Its objectives are to provide reasonable assurance for the effectiveness and efficiency of its operations (including profitability, performance, and the guarantee of assets safety, etc.), reliable, timely and transparent reporting, and conformity to applicable rules, regulations, and laws.

II. The internal control system has its inherent limitations. Regardless of how exhaustive the design is, an effective internal control system can only provide reasonable assurance for the achievement of the aforementioned three objectives. Further, due to changes in the environment or circumstances, the effectiveness of the internal control system may vary accordingly. Nevertheless, the Company's internal control system has set up a self-supervision mechanism. Once a deficiency has been identified, the Company will take the remedial actions immediately.

III. In accordance with the determining criteria for the effectiveness of the internal control system prescribed in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereafter the "Regulations"), the Company evaluated the effectiveness of the design and execution for its internal control system. The determining criteria of the internal control system prescribed in the "Regulations" are based on the process of management control, dividing the internal control system into five composite factors: 1. control of the environment, 2. risk evaluation, 3. control of operations, 4. information and communication, and 5. supervision. The composition of each element also includes several items. Please refer to the "Regulations" for the aforesaid items.

IV. The Company has adopted the aforementioned determining criteria of the internal control system to evaluate the effectiveness of design and execution for its own internal control system.

V. Based on the evaluation result of the preceding paragraph, the Company believes that its internal control system (including the supervision and management of its subsidiaries) as of December 31, 2023, including understanding the achievement for the objectives of effectiveness and efficiency of its operations, reliability, timeliness and transparency of its reporting and compliance with the applicable law and regulations, was effective in design and execution, and can be reasonably assured of the achievement of the aforementioned objectives.

VI. This statement will serve as the main content of the Company's annual report and prospectus and will be made available to the public. If the aforesaid public content has any illegal events including falseness or concealment etc., it shall be liable to the legal liabilities stipulated in Article 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement has been passed by the Board of Directors Meeting of the Company held on February 26, 2024, where none of the 8 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Hitron Technologies Inc.

Chairman: April Huang

General Manager: Patrick Chiu

2. Companies which CPAs to professionally review the internal control system shall disclose the review report provided by the accountants: Not applicable.

(X) Penalties Imposed upon the Company and the Company's Employees According to Law, Penalties Imposed by the Company upon Employees for the Violation of the Internal Control System Policy, Principal Deficiencies, and Improvement Status during the Most Recent Fiscal Year up to the Date of Publication of the Annual Report: None.

(XI) Important resolutions of the shareholders' meeting and the board of directors in the latest year and up to the publication date of the annual report.

Date	Important resolutions
Feb. 23,2023 Board Meeting	1. Approved of the "Statement of Internal Control System" and SelfEvaluation Implementation Result Report for 2022. (Note) 2. Approved the amendments to the "Internal Control System". (Note) 3. Approved the 2022 distribution of employees and directors' remuneration. 4. The 2022 business report and financial statements, and the 2023 business plan. (Note) 5. Approved the proposal for the distribution of 2022 earnings. (Note) 6. Approved the cash dividend distribution of 2022 earnings. 7. To elect nine directors (including three independent directors) 8. Proposed nomination of directors and candidates for independent directors 9. To lift non-competition restrictions on newly-elected directors and their representatives. 10. Approved the amendment to Rules and Procedures for Shareholders' Meeting. 11.Approved the proposal to provide endorsement and guarantee for the wholly-owned subsidiaries. (Note) 12. Approved the proposal of the convene date of 2023 Shareholders' Meeting and meeting agenda. 13. Approved the donation to BenQ Foundation. 14. Proposal to review the public fee case for accountant services in 2023. (Note) 15. Formulate the company's pre-approved non-confirmed service policy. (Note) 16. Handle private placement common stock supplementary and issuance and application for listing (Note)
Apr.27, 2023 Board Meeting	1. Approved the proposal of financial statement of Q1, 2023. (Note) 2. Approved the proposal to provide endorsement and guarantee for the wholly-owned subsidiaries. (Note)
May.25,2023 Shareholders' Meeting	1. Elected nine directors (including three independent directors) Status: The new position holder are April Hunag, Representative of Alpha Networks Inc., Peter Chen, Representative of Alpha Networks Inc., David Chou, Representative of Alpha Networks Inc., Patrick Chiu, Representative of Alpha Networks Inc., Adams Lee, Representative of Alpha Networks Inc., Amy Liu, Lo-Min Chen (Independent director), Mao-Chao Lin (Independent director) and David Lee(Independent director).The term is from May 25, 2023 to May 24, 2026. 2. Recognized the proposal of 2022 business report and financial statements. Status: Proposal was recognized 3. Recognized the proposal of 2022 distribution of surplus Status: Proposal was recognized，The cash dividend for this surplus distribution case is NT$1.5 per share, and the total cash dividend is NT$481,975,884, setting July 14, 2023 as the ex-dividend date, and issued on August 8, 2023. 4. Approved amendment to the "Rules and Procedures for Shareholders' Meeting". Status: Resolution was passed，and the amended "Rules and Procedures for Shareholders' Meeting" became effective on May. 25, 2023. 5. To lift non-competition restrictions on new directors and their representatives. Status: Resolution was passed.
May.25,2023 Board Meeting	1. Election of the chairman of the company. 2. Appointment of members of the Remuneration Committee.

Date	Important resolutions
Jul.27,2023 Board Meeting	1. Approved the proposal of financial statement of Q2, 2023. (Note) 2. Approved the proposal of the" Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises"
Oct.26,2023 Board Meeting	1. Established the internal audit plan of 2024. (Note) 2. Approved the proposal of financial statement of Q3, 2023. (Note) 3. Proposed appointment of certified accountant for the 2024 financial statements of the company. (Note)
Feb.26,2024 Board Meeting	1. Approved of the "Statement of Internal Control System" and SelfEvaluation Implementation Result Report for 2023. (Note) 2. Approved the 2023 distribution of employees and directors' remuneration. 3. The 2023 business report and financial statements, and the 2024 business plan. (Note) 4. Approved the proposal for the distribution of 2023 earnings. (Note) 5. Approved the cash dividend distribution of 2023 earnings. 6. Approved the Cash Distribution of Capital Surplus 7. To lift non-competition restrictions on current directors and their representatives. 8. Approved the proposal of the convene date of 2024 Shareholders' Meeting and meeting agenda. 9. Proposal to review the public fee case for accountant services in 2024. (Note) 10. Change of the president of the Company. 11. Appointment of the Company's internal audit officer.（Note） 12. Approval for the liquidation and liquidation of the subsidiary, 100%-owned subsidiary, InnoAuto Technologies Inc.（Note）

Note: Matters included in Article 14-5 of the Securities and Exchange Act.

(XII) Major contents of any dissenting opinions on record or stated in a written statement made by Directors or supervisors regarding material resolutions passed by the Board of Directors' Meeting in the most recent year up to the publication date of this report: None.

(XIII) In the Most Recent Year Up to the Publication Date of the Annual Report, a Summary of the Resignation and Dismissal of the Company's Personnel such as Chairperson, President, Accounting Manager, Financial Manager, Internal Audit Officer and R&D Director:

Position	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Termination
President	Patrick Chiu	Jan.26,2021	Mar.01,2024	Promoted to Vice President of Alpha Networks Inc
Internal audit officer	Gina Tseng	Jul,01,1993	Oct.31,2023	retirement

V. Information on Audit Fees of CPAs

Unit: NT$ thousand

Name of accounting Firm	Name of CPA	Period covered by CPA's audit	Audit fee	Non-audit fee (Note)	Total	Remarks
KPMG	Hai-Ning, Huang Wei-Ming, Shih	2023.01.01-2023.12.31	3,500	600	4,100	-

Note: Non-audit Fees mainly related to tax services etc.

(I) Replacement of accounting firm and the audit fees in the replacing year is less than that in the previous year: None.

(II) Audit fees were reduced by over 10% compared with the previous year: None.

VI. Accountant Replacement Information:

(I) Regarding the former CPAs

<table>
<tr><td>Replacement date</td><td colspan="4">October 26, 2023</td></tr>
<tr><td>Reason and explanation for replacement</td><td colspan="4">The CPAs are changed from Hai-Ning, Huang and Wei-Ming, Shih to Chun-Yuan, Wu and Wei-Ming, Shih because of the internal adjustment from the accounting firm.</td></tr>
<tr><td rowspan="3">Explain why the appointor or CPA terminated or refused to accept the appointment</td><td colspan="2">Partie
Status</td><td>CPA</td><td>Appointor</td></tr>
<tr><td colspan="2">Appointment terminated</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">Refused to accept (continue) appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Audit report opinions other than unqualified opinion over the last two years and reason</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Did issuer have a different opinion</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial report</td></tr>
<tr><td></td><td colspan="2">Scope or procedure of auditing</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Explanation</td></tr>
<tr><td>Other items requiring disclosure (disclosures for Clause 6.1.4~7, Article 10 of these guidelines)</td><td colspan="4">None</td></tr>
</table>

<table>
<tr><td>Replacement date</td><td colspan="4">October 25, 2022</td></tr>
<tr><td>Reason and explanation for replacement</td><td colspan="4">Due to company’s business and management needs, it will be replaced BDO Taiwan with KPMG from the first quarter of 2023.</td></tr>
<tr><td rowspan="3">Explain why the appointor or CPA terminated or refused to accept the appointment</td><td colspan="2">Partie
Status</td><td>CPA</td><td>Appointor</td></tr>
<tr><td colspan="2">Appointment terminated</td><td></td><td>V</td></tr>
<tr><td colspan="2">Refused to accept (continue) appointment</td><td></td><td></td></tr>
<tr><td>Audit report opinions other than unqualified opinion over the last two years and reason</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Did issuer have a different opinion</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial report</td></tr>
<tr><td></td><td colspan="2">Scope or procedure of auditing</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Explanation</td></tr>
<tr><td>Other items requiring disclosure (disclosures for Clause 6.1.4~7, Article 10 of these guidelines)</td><td colspan="4">None</td></tr>
</table>

(II) Regarding the successor CPAs

Accounting Firm	KPMG
Name of CPA	Chun-Yuan, Wu and Wei-Ming Shih
Date of Engagement	October 26, 2023
If prior to the formal engagement of the successor CPA, the company consulted the new CPA regarding the accounting treatment of or application of accounting principles to a specific transaction, or the type of audit opinion that might be rendered on the company's financial report	None
Written views of the former CPA on which the successor disagreed with the former CPA	None

Accounting Firm	KPMG
Name of CPA	Hai-Ning Huang and Wei-Ming Shih
Date of Engagement	October 25, 2022
If prior to the formal engagement of the successor CPA, the company consulted the new CPA regarding the accounting treatment of or application of accounting principles to a specific transaction, or the type of audit opinion that might be rendered on the company's financial report	None
Written views of the former CPA on which the successor disagreed with the former CPA	None

(III) Former CPA Letters Regarding Clause 5.1 and 5.2.3, Article 10 of these Guidelines: Not applicable

VII. Has any of the Company's Chairman, President, or managers responsible for finance or accounting duties served in the Company's CPA firm or its affiliated Company within the most recent year: None.

VIII. The Situation of equity transfer or changes to equity pledge of Directors, managers or shareholders holding more than 10% of Company shares in the most recent year (or initial date of a manager's term of service) up to the publication date of this report:

(I) Changes in shares held by Directors, managers, and shareholders holding 10% or more of shares:

Unit: Share

Title	Name	2023		As of March 31, 2024	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Corporate Director	Alpha Networks Inc.	-	-	-	-
Representative of Corporate Chairman	April Huang	-	-	-	-
Representative of Corporate Director	Peter Chen	-	-	-	-
Representative of Corporate Director	David Chou	-	-	-	-
Representative of Corporate Director	Patrick Chiu	5	-	-	-
Director	Amy Liu	(195,000)	-	-	-
Independent Director	Lo-Min Chen	-	-	-	-
Independent Director	Mao-Chao Lin	-	-	-	-
Independent Director	David Lee	-	-	-	-
President (Note2)	David Chou	-	-	-	-
Vice President	Jimmy Huang	1,099	-	-	-
Finance & Accounting Supervisor	Allen Hsu	550	-	-	-
Major shareholder	Alpha Networks Inc.	-	-	-	-

Note 1: Those who still serve in their respective positions when the Annual Report is published.

Note 2: On February 26, 2024, the board of directors of the Company approved the appointment of David Chou as the President, with effect from March 1, 2024.

(II) Counterparty of equity pledge is a related party: None.

(III) Counterparty of equity pledge is a related party: None.

IX. Information of relationships between Top 10 shareholders are related parties, spouses or relatives within the second degree of kinship Relationship

Name	Shares held		Shares held by spouse or underage children		Total sharesheld in the name of other persons		Familial relationships between top 10 shareholders who are either related parties, spouses, or relatives within the second degree of kinship, his/her/its title (or name) and relationships (Note2)		Remarks
	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Title (or Name)	Relationship	
Alpha Networks Inc.	200,000,000	62.24%	-	-	-	-	None	None	
Representative: April Huang	-	-	-	-	-	-	None	None	
Mei-Chun Yang	1,000,000	0.31%	-	-	-	-	None	None	
JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	872,000	0.27%	-	-	-	-	None	None	
Wen-Yu Chiu	800,000	0.25%	-	-	-	-	None	None	
Wen-Feng Liu	779,801	0.24%	-	-	-	-	None	None	
Barclays Capital SBL/PB investment account under the custody of Citi Bank	750,048	0.23%	-	-	-	-	None	None	
Amy Liu	548,951	0.17%	-	-	-	-	None	None	
Xiu-Long Tang	500,000	0.16%	-	-	-	-	None	None	
Ruo-Lian Huang	489,000	0.15%	-	-	-	-	None	None	
Rui-Quan Yang	466,564	0.15%	-	-	-	-	None	None	

X. Shareholdings and Combined Joint Shareholdings of Businesses Invested in by the Company, Company Directors or Executive Officers or Directly or Indirectly Controlled by the Company

December 31, 2023; Unit: thousand shares; %

Re-investing business	The company investment		Held by Directors, Supervisors, managerial officers, and directly/indirectly controlled entities		Comprehensive investment	
	Amount of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding
Interactive Digital International Co., Ltd.	16,703	36.39%	-	-	16,703	36.39%
Hitron Technologies Europe Holding B.V.	15	100.00%	-	-	15	100.00%
Hitron Technologies (Americas) Inc.	300	100.00%	-	-	300	100.00%
Hitron Technologies (Samoa) Inc.	5,850	100.00%	-	-	5,850	100.00%
Hitron Technologies (SIP) Inc.	-	100.00%	-	-	-	100.00%
Hwa Chi Technologies (Shanghai) Inc.	-	36.39%	-	-	-	36.39%
Jietech Trading (Suzhou) Inc.	-	100.00%	-	-	-	100.00%
InnoAuto Technologies Inc.	2,000	100.00%	-	-	2,000	100.00%
Hitron Technologies Vietnam Company Limited	-	100.00%	-	-	-	100.00%

Note: Invested by the Consolidated Company using the equity method.

Four. Capital and Shares

I. Capital and Shares

(I) Source of capital

1. Share types for the most recent year until the publication date of the annual report

Unit: NT$/share

Year/ Month	Issue price	Authorized Capital		Paid-in Capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Property other than cash provided as capital contributions	Others
2019.4	10	300,000,000	3,000,000,000	224,689,554	2,246,895,540	Shares converted from corporate bond	–	Note 1
2019.5	10	300,000,000	3,000,000,000	227,799,421	2,277,994,210	Shares converted from corporate bond	–	Note 2
2019.8	10	300,000,000	3,000,000,000	228,986,229	2,289,862,290	Shares converted from corporate bond	–	Note 3
2019.12	10	400,000,000	4,000,000,000	328,986,229	3,289,862,290	Private placement of newly issued shares	–	Note 4
2022.2	10	400,000,000	4,000,000,000	321,317,229	3,213,172,290	Cancellation of treasury stock	–	Note 5

Note 1: The capital increase record date for convertible bonds was on March 28, 2019, and the capital increase amounted to NT$3,956 thousand. The approval document number was HSP No. 1080011240 (April 17, 2019).

Note 2: The capital increase record date for convertible bonds was on May 13, 2019, and the capital increase amounted to NT$31,099 thousand. The approval document number was HSP No. 1080014914 (May 24, 2019).

Note 3: The capital increase record date for convertible bonds was on August 13, 2019, and the capital increase amounted to NT$11,868 thousand. The approval document number was HSP No. 1080024677 (August 26, 2019).

Note 4: The record date of the new privately placed shares was on December 17, 2019, and the capital increase amounted to NT$1,000,000 thousand. The approval document number was HSP No. 1080037612 (December 25, 2019).

Note 5: Cancellation of treasury stock was carried out was on February 26, 2022 as the base date for capital reduction of NT$76,690 thousand, The approval document number was HSP No.1110007294 (March 11, 2022)

(Share type	Authorized capital		
	Outstanding shares	Unissued shares	Total
Common stock	321,317,229	78,682,771	400,000,000

2. For shelf registration for issuing marketable securities that have been approved, the Company should disclose the approved issue amount, and relevant information on scheduled issuance and issued marketable securities: Not applicable.

(II) Shareholder Structure

March 29, 2024 Unit: shares/%

Shareholder structure / Amount	Governmental agencies	Financial institutions	Other legal persons	Individual	Foreign institutions and foreign persons	Total
Number of People	0	1	170	39,603	85	39,859
Shareholding	0	1,000	201,539,469	116,438,984	3,337,776	321,317,229
Percentage of Shareholding	0.00	0.00	62.72	36.24	1.04	100.00

(III) Share ownership distribution

March 29, 2024 Unit: Person/Shares/%

Shareholding Tiers	Number of Shareholders	Shareholding	Percentage of shareholding %
1-999	16,737	1,937,219	0.60
1,000-5,000	18,980	38,540,637	11.99
5,001-10,000	2,426	19,495,016	6.07
10,001-15,000	583	7,454,277	2.32
15,001-20,000	420	7,790,369	2.42
20,001-30,000	287	7,416,992	2.31
30,001-40,000	123	4,463,368	1.39
40,001-50,000	95	4,462,052	1.39
50,001-100,000	120	8,435,915	2.63
100,001-200,000	53	7,543,053	2.35
200,001-400,000	20	5,431,980	1.69
400,001-600,000	9	4,144,502	1.29
600,001-800,000	3	2,329,849	0.73
800,001-1,000,000	2	1,872,000	0.58
More than 1,000,001	1	200,000,000	62.24
Total	39,859	321,317,229	100.00

(IV) Major Shareholders

March 29, 2024

Share / Name of Major Shareholder	Shareholding	Percentage of Shareholding
Alpha Networks Inc.	200,000,000	62.24%
Mei-Chun Yang	1,000,000	0.31%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	872,000	0.27%
Wen-Yu Chiu	800,000	0.25%
Wen-Feng Liu	779,801	0.24%
Barclays Capital SBL/PB investment account under the custody of Citi Bank	750,048	0.23%
Amy Liu	548,951	0.17%
Xiu-Long Tang	500,000	0.16%
Ruo-Lian Huang	489,000	0.15%
Rui-Quan Yang	466,564	0.15%

(V) Market share price, net worth, earnings, dividend and relevant information for the most recent two years

Unit: NT$

Year / Item			2022	2023	Until March 31, 2024 (Note 8)
Stock price per share (Note 1)	Maximum		31.40	56.50	36.45
	Minimum		17.25	23.85	29.80
	Average		26.69	37.78	32.91
Net value per share (Note 2)	Prior to distribution		16.47	15.31	-
	After distribution		14.97	15.01	-
Earnings per share (EPS)	Weighted average outstanding shares (shares in thousands)		321,317	321,317	-
	EPS (Note 3)	Prior to adjustment	1.50	0.02	-
		After adjustment	1.50	0.02	-
Dividend per share	Cash dividends		1.50	0.12	-
	Distribution of cash disbursement using capital surplus		-	0.18	-
	Bonus shares	From earnings	-	-	-
		From capital reserves	-	-	-
	Cumulative unpaid dividends (Note 4)		-	-	-
Analysis of investment returns	PE Ratio (Note 5)		15.51	1,583.5	-
	Price to dividend ratio (Note 6)		15.51	105.57	-
	Dividend Yield (Note 7)		6.45%	0.95%	-

Note 1: The highest and lowest of common stock. The average market value is calculated using the trading volume and price for each year

Note 2: Indicate based on the number of stocks issued as at year-end, and computed according to the distribution per the resolution of the Board meeting or Shareholders' Meeting in the following year.

Note 3: If retrospective adjustment is needed due to bonus shares, EPS prior to and after adjustments should be presented.

Note 4: If the terms of issuance of equity securities stipulate the unpaid dividend of the year can only be cumulated and disbursed in the year where the Company is profitable, respective disclosure on the cumulative unpaid dividend for the period should be made.

Note 5: PE Ratio = Average closing price for the period / Earnings per share.

Note 6: Price to dividend ratio = Average closing price for the period / Cash dividend per share.

Note 7: Dividend Yield = Cash dividend per share / Average closing price for the period.

Note 8: Net value per share and EPS should be presented using the latest audited quarterly report as of the publication of the annual reports; the rest of the information should be presented using the latest yearly report as of the publication of the annual reports.

(VI) Dividend Policy and Implementation Status

1. Dividend policy as stipulated in the Articles of Incorporation

The industrial environment of the Company is ever-changing and the Company is in a stable growth stage. Its dividend policy takes into consideration its future capital need and long-term financial planning to pursue a sustainable development strategy. The Company adopts an excessive dividend policy and its issuance terms, timing and amount are handled according to Article 29-1 of the Articles of Incorporation. The Company establishes plans according to the future capital demands. When there is a surplus earning at the final account of a fiscal year and when the distributable earnings of the current year reaches 2% of the capital, the dividend distribution shall not be less than 10% of the distributable earnings of the current year, and the cash dividend shall not be less than 10% of the total amount of the cash and share dividends issued in the current year.

Article 29-1 of the Articles of Incorporation stipulates that the earning after tax should be first utilized to offset losses from previous years, and next, set aside 10% of the remaining profit as a legal reserve. However, if the legal reserve is on par with the authorized capital, the Company is allowed to stop allocation to the legal reserve, and allocate to a special reserve in accordance with relevant laws and regulations. If there are earnings left, the Board of Directors can devise an earnings distribution proposal using the remaining amount, together with the cumulative unappropriated retained earnings, and submit to the Shareholders' Meeting to disburse as a cash dividend or retain it. When the earnings distribution proposal described in the preceding paragraph is made in the form of cash dividends, the Board of Directors is authorized to reach resolution and to report to the shareholders' meeting.

2. The dividend distribution proposal by the Shareholders' Meeting:

On February 26, 2024, the resolution of the board of directors of the company approved the distribution of shareholders' cash dividends of NT$37,903,480 (NT$0.12per share) and from capital reserve through "conversion of corporate bond premium" of NT$58,491,688 (NT$0.18 per share), and will present the report of the 2023 general meeting of shareholders.

(VII) The impact on the operating performance of the Company and earnings per share by the proposal of the Shareholders' Meeting to issue bonus shares: Not applicable.

(VIII) Employees Bonus and Directors Remuneration

1. Employees' and directors' compensation policies as stated in the Articles of Incorporation:

Articles of Incorporation, Article 29:

When the Company has a profit at the end of each fiscal year, an amount between 5% and 20% of the profit shall be appropriated as the remuneration of employees, which is to be distributed and issued in the form of shares or cash according to the resolution of the Board of Director, and the recipients thereof may include employees of affiliates satisfying a certain criteria, and such criteria is to be specified by the Chairman.

The Company may appropriate the aforementioned profit as the remuneration of directors, in which the appropriation ratio shall not exceed 1% of the profit of the current year.

If there are previous accumulated losses, the losses shall first be offset before allocating compensation and remuneration to employees and directors. The remaining profits may be allocated as aforementioned. The proposal of compensation to employees and remuneration to Directors must be approved by the Board Meeting, in which two-thirds of the Directors have attended and the majority has concurred with the proposal.

2. The estimation basis of the compensation for employees, Directors, and Supervisors for the current period, the computation basis for the number of shares issued as stock dividend serving as Employee compensation, and accounting treatments for any discrepancies between the amounts estimated and the amounts disbursed:

In pursuant to the Company Act and the Articles of Incorporation, to appropriate for compensation to employees and remuneration to Directors, according to Accounting Research and Development Foundation (96) Explanatory Note No. 052, the Company shall make an estimation when preparing for interim and annual reports, and make recognition under the appropriate accounting categories based on the nature of the compensation and remuneration. Afterward, when the actual disbursement approved by the Shareholders' Meeting differs from the estimation in the financial reports, the discrepancy shall be deemed as a change in accounting estimate and recognized as the profit and loss for the period.

3. Employees compensation proposal passed by the Board of Directors:

   Approved by the Company's Board of Directors on February 26, 2024

   (1) Cash compensation of NT$ 2,028,491 paid to employees and NT$ 152,137 to Directors.

   (2) Sum of employees' compensation in stock and its proportion of the net income after tax (NIAT) provided in the Individual Financial Statement and the total sum of employees' compensation: Not applicable.

4. Actual disbursement of employee bonus and remuneration to Directors for the preceding year (including employee stocks, cash disbursement and share prices). In circumstances where any differences between the actual distributed and recognized amount, the difference, reasons and handling of such matter shall be stated as follows:

   (1) The amount distributed to employees' remuneration in cash was NT$ 50,291,722 and NT$ 3,771,879 for Directors' one.

   (2) The difference between the proposed distribution amount approved by the Board of Directors and the actual amount distributed: The discrepancy in the recognized employees' remuneration and directors' remuneration totaled NT$306,477, which was due to changes in accounting estimates and included in the profit or loss of 2023.

(IX) Share Repurchase by the Company: None

II. Preferred Shares: None

III. Preferred Shares: None

IV. Global Depository Receipts: None

V. Subscription of Warrants for Employee: None

VI. New Employee Restricted Stock Plans: None

VII. Issuance of New Shares Regarding Acquisitions of the Other Companies: None

VIII. Execution of Fund Usage Plan: None

Five. Overview of Operations

I. Our Businesses

(I) Business Scope:

1. Content of main businesses: R&D, manufacturing and sales of network and telecommunication equipment.
2. Revenue distribution

The revenue based on products for 2023 is as follows:

Unit: NT$ (thousand), %

Major Products	Sales revenue for 2023	Weighted in the operation
Network and telecommunication equipment	9,403,662	100.00

3. Current product (service) range

Hitron has accumulated decades of experience, sales channels and research and development of the private brand. The goal of business development remains mainly on continuing the development of broadband telecommunication products. In addition to the existing CPE for the product line, the Company has also completed the development of the corresponding software network management system and customer operation management system. In addition to the original Broadband CPE product line, we also continued to develop and have completed three home access network product lines in the past two years: ultra-high-speed fiber access equipment, WiFi 6/6E wireless gateways and extenders, 5G wireless access devices, and small base stations. In terms of software, Hitron Cloud, a self-developed cloud management development system that has been applied by operators, has been strengthened with human-machine interface APP to support and the GUI interface, allowing home users to use these services in a diversified way, boosting the ARPU of operators. This is the trend and necessary feature for the overall development for cloud management. With the Company's longstanding dedication to its field as a broadband operator, it has accumulated extensive and outstanding software and firmware integration capabilities. While we take a proactive approach to participate in the forward-looking broadband technology development and projects of customers, with our leading technology in communications, we also work closely with our customers around the world.

4. New products development (service)

Using the existing technologies and products as its foundation, the Company continues to develop the following new products:

(1) DOCSIS 4.0 new generation cable router and voice modem
(2) IoT Gateway
(3) SD-WAN
(4) Mobile Backhaul
(5) Hitron Cloud Management System
(6) Analysis of big data and calculation of customer behavior patterns
(7) WiFi6 / WiFi 7 Extender with EasyMesh
(8) 3.5GHz wireless base station CBRS Small Cell RAN
(9) 2.5Gbps/10Gps/25Gbps PON ONU
(10) Indoor and outdoor 5G FWA and mmWave solutions
(11) Provide new value-added services by integrating Hitron Cloud and third-party software application platforms.
(12) Provide standardized DOCSIS modules specified by third-party customers

(II) Industry overview

1. Current and future industry prospects

The Senior Industry Consultant of the Market Intelligence & Consulting Institute (MIC) reported in September 2023 that, from the end of 2022 to Q3 2023 decreased, despite the impact of inflation on the European and American markets and the reduction in capital expenditures by some telecom operators, leading to a slowdown in the pace of procurement, these regions remain a core focus for Taiwanese manufacturers. Major broadband service providers in Europe and the US have begun to promote Multi-Gigabit services, which also led to an increase in 10G PON CPE shipments year by year. The North American market is the main shipping area for cable modems. The local market has also been squeezed by the increasing demand for optical fibers, causing some cable TV operators to develop optical fiber services. On the other hand, the two major players in the United States, Comcast and Charter, have grown in subscribers since 2022 will slow down and affect the overall shipment of cable modems. In 2023, The MIC also predicts that the demand for software-defined products will gradually increase, pointing out that the importance of “software and hardware integration” will continue to rise in the future. With the continuous improvement of hardware performance, more emphasis will be placed on the implementation of software applications in various vertical industries in the future. In order to achieve differentiation, the role of software will become more important, driving the rising demand for software-defined products. According to MIC, Taiwanese companies are at an advantage as they are good at affordable and high-quality hardware. Through the integration of software and hardware development, Taiwanese companies will have more room for creativity and development. There is an opportunity to break free from hardware equipment to team up with equipment manufacturers and solution providers. In the product development process, software must be designed with various vertical industry applications. With the demand for software and hardware integration capability continuing to grow, investment in software technology and talent driven by system vendors is expected.

Looking forward to the industry trend in 2024, it is necessary to pay attention to the business opportunities of the next generation broadband network stimulated by the rural broadband subsidy policies of the United States and the United Kingdom. For example, five of the top eight U.S. fixed-line telecom providers are expanding investment and commercial use of 10G PON network. With the support of the Broadband Equity Access and Deployment Program (BEAD) in the United States, telecom operators are actively engaging in fiber deployment activities. However, the Made in USA and Buy American provisions in the United States may potentially restrict some opportunities for shipments from Taiwanese manufacturers. Additionally, it is also expected that the overall subsidy funds will start to flow to the operators in 2024, so it still requires some time for the situation to mature. Looking ahead to the first half of 2024, with the completion of the DOCSIS 4.0 verification test of cable modem, the US cable TV operators are expected to begin introducing flagship models featuring DOCSIS 4.0 and Wi-Fi 7. This is expected to drive a new wave of device upgrades, which could help Taiwanese manufacturers increase shipments. However, with the assistance of government policies, it is necessary to observe that the local cable TV companies may turn to fiber optical services in the Central and South America markets. Therefore, it is expected that the overall shipment of cable modem will continue to be divided up by PON orders. In the post-pandemic period, people’s dependence on communications has increased, and the bandwidth needs of global telecom providers for broadband customers are still strong. The new generation of DOCSIS Wi-Fi 7 routers, 5G FWA and LEO products will drive another wave of networking opportunities.

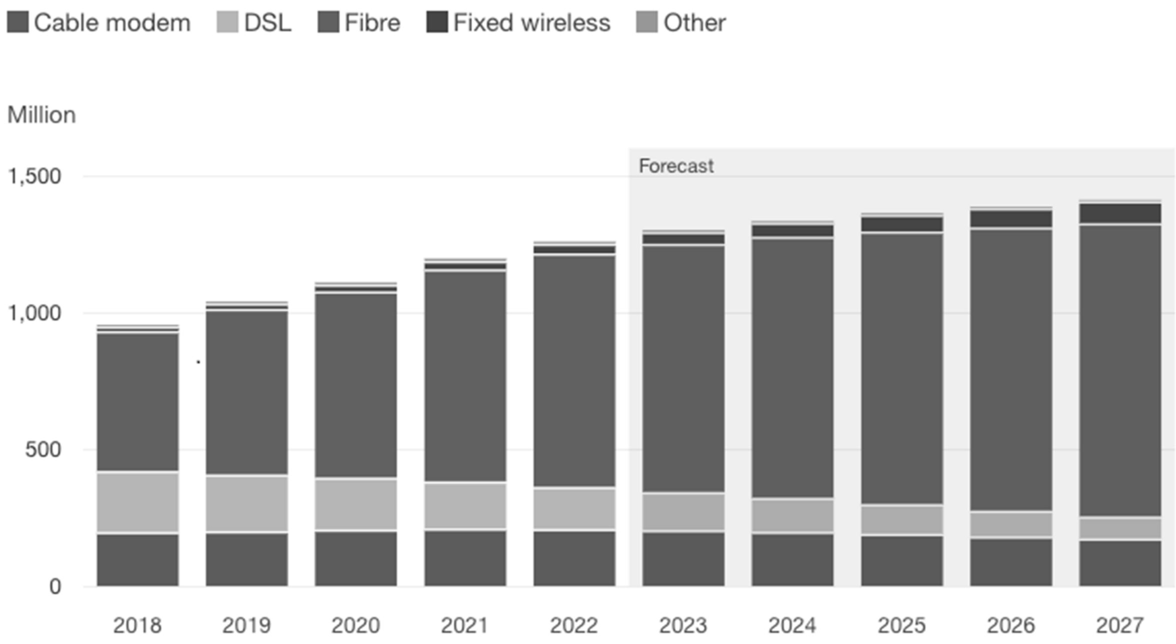


Figure 1. Number of broadband Internet access technologies worldwide (Source: PwC's Global Telecom outlook 2023-2027, Omdia)

The demand for faster internet service is driving the market studied. The technology and popularity of wired network communications are highly related to the bandwidth needs of small and medium enterprises, families, educational institutions, and offices. Fixed line telephone operators are witnessing the booming development of data service revenues and are attempting to provide consumers with "triple play" through IP network, that is, a combination of broadband Internet, video and voice over IP networks.

With the emergence of the Internet of Things, big data analysis, and cloud-based services, the market demand for data centers continues to increase. Network equipment plays an important role in the operation of data centers. In addition, the rising demand for data centers by government agencies, large enterprises, and telecommunication organizations is boosting the demand for broadband-to-home and broadband-to-office and complete services.

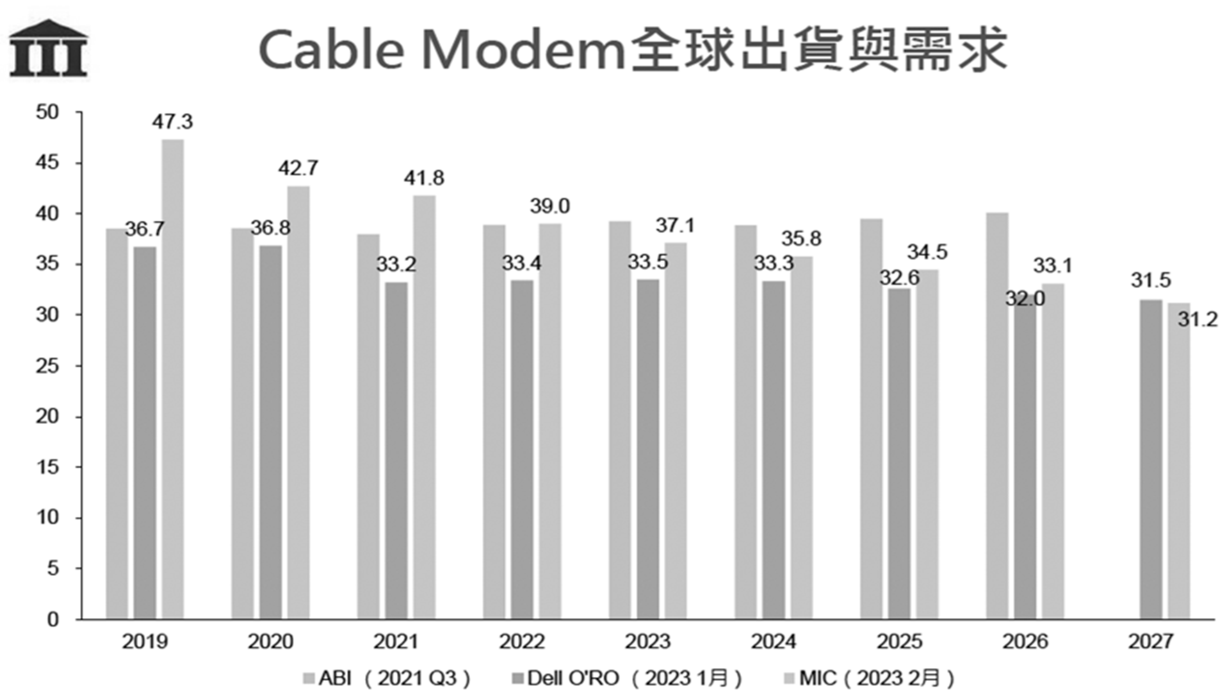


Figure 2. Demand for cable modem (source: various research institutions, compiled by MIC, April 2023)

Global broadband traffic has grown rapidly, with a double-fold increase from 2022 to 2026. Apart from the growth in the number of broadband subscribers, the growth also comes from the increase in people's demand for bandwidth. In 2022, the number of broadband subscribers was 1.26 billion. The regional ratio is led by China, India, Europe, North America, and Central and South America. The number of broadband subscribers is expected to reach 1.51 billion in 2026. In the next few years, the largest market is expected to be North America, followed by Europe and then Asia Pacific.

When the bandwidth of broadband service raises to Gbps in a unit, the monthly broadband subscriber fee for households would range between US$70 and US$140. The difference is mainly due to the competition between the local service providers. However, such a fee range represents the advent of broadband service in Gbps. North America will first change, and Europe, Japan, and Korea will be next. Nevertheless, the broadband service in Gbps is not without weakness. Currently, many households face a shortage in VR and 4K content services. As such, the growth of users would not be as fast as it used to be. Cable TV service providers would make use of such investment on market segmentation of corporate users and Mobile Backhaul, because this market has a great need for broadband and the profitability is high. As such, the low-priced high-speed internet service is a good backup service, presenting business opportunities to the broadband service providers, commercial users of new corporate service providers and SME users in North America.

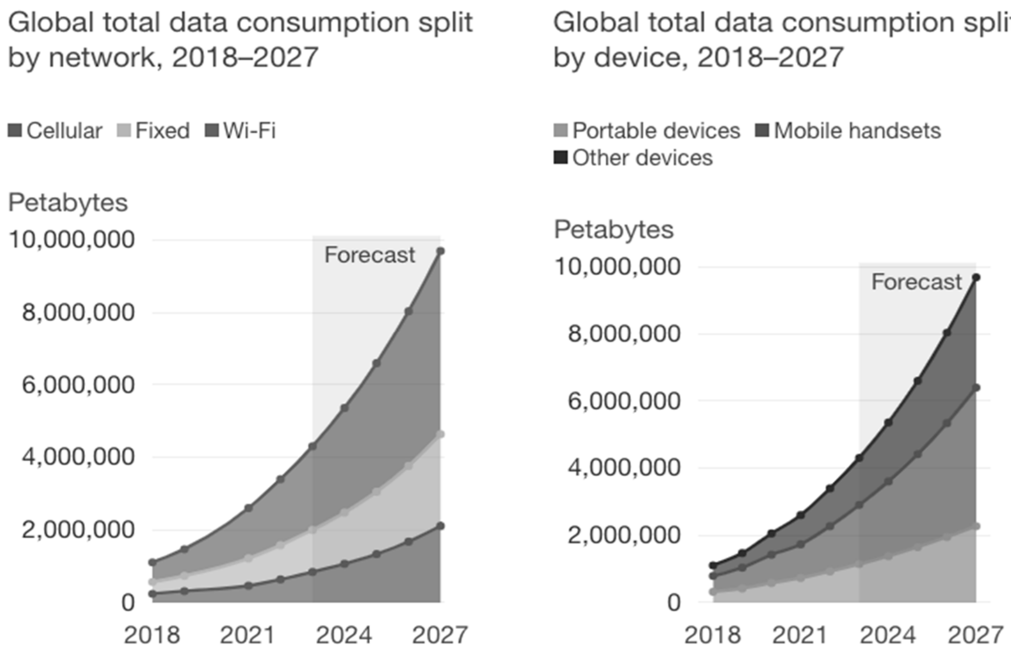


Figure 3. Global total data consumption (Source: PwC's Global Telecom outlook 2023-2027, Omdia)

For equipment manufacturers, for service in 10Gbps, 10Gbps EPON products have since been made available. Cablelab from the US set the specification of the next-generation 10Gbps as the new standard for DOCSIS 4.0.

According to Ericsson's latest annual mobile market forecast, by the end of 2024, 5G will cover more than 40% of the world's population, and the number of 5G users will reach 1.5 billion, which will account for 17% of the total global mobile network users worldwide The number of mobile users will reach 8.9 billion. The number of mobile broadband subscriptions will reach 8.4 billion, accounting for nearly 95% of all mobile subscriptions. In some markets, mobile broadband serves as a supplementary network to fixed broadband services, while in others, it is poised to take a dominant position.

IoT devices, which have become commonplace in recent years, will become ubiquitous. It is expected that the total number of installed devices will increase from 16.4 billion in 2022 to 25.1 billion in 2027, which is roughly equivalent to 3 devices for every person on earth (see figure below).

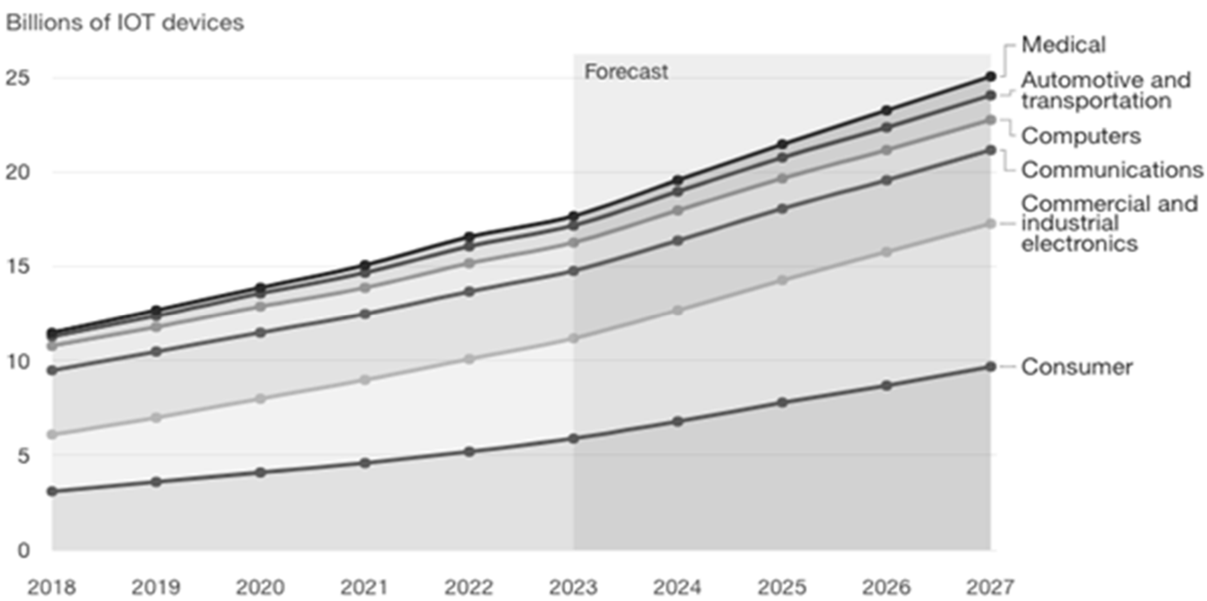


Figure 4. Demand for IoT equipment installation (Source: PwC's Global Telecom outlook 2023-2027, Omdia)

Revenues from Internet access will continue to grow roughly in line with global GDP. The network access revenue will increase from US$757.7 billion in 2022 to US$921.6 billion in 2027. This is a huge revenue, but the compound annual growth rate is only 4%. Mobile network data will become the fastest growing data usage category, with a compound annual growth rate of 27% from 2022 to 2027. There are significant differences in data consumption behaviors in different regions. It is estimated that mobile network data only accounts for 6% of all data traffic in North America, but 30% in Asia. Developments in India can partially explain this. Given the strong growth of mobile applications in the country, the young and tech-savvy population, and the relatively limited availability of fixed broadband infrastructure, the launch of 5G in India has paved the way for a significant increase in service development and innovation. Given that India's 5G subscribers may reach 300-350 million by 2026, telcos such as Reliance Jio and Bharti Airtel are motivated to establish a thriving gaming ecosystem on their networks to help increase user stickiness and average revenue per user (ARPU). It is expected that there will be more 5G-based service opportunities in areas such as healthcare.

From a digital perspective, the most impressive growth will be in the consumer segment, where the number of devices is expected to approach 10 billion in 2027. This growth reflects the growth of consumer home ecosystems built around multiple devices, where smart speakers act as the hub for the controller's lighting, security, and entertainment systems, and the increasing use of If This then That (IFTTT) and Matter protocol to communicate with each other. However, as the above figure shows, business applications will become primary and central, and the commercial and industrial electronics industries will grow significantly. The number of medical IoT devices will double during the five-year forecast period, with a five-year compound annual growth rate of 16.7%, which is the fastest growth of all market segments. This rapid growth will be driven by the growth of home care and telemedicine, as well as the popularity of medical equipment that can remotely monitor patients' vital signs such as heart rate, body temperature, and blood pressure.

5G wave

Driven by the active deployment of infrastructure, the number of 5G connections worldwide will exceed 3.8 billion by 2027. PwC has released a dashboard on the global impact of 5G deployment, indicating that the deployment of 5G cellular networks in China has been largely completed. This reflects the government's requirement for telecom companies to implement the network as soon as possible. In South Korea, about 70% of the country still lacks 5G coverage: In November 2022, the South Korean government strongly criticized the local telecom company's 5G network investment level and canceled a round of 5G 28GHz spectrum allocation. Meanwhile, in India, the 5G penetration rate is currently about 5% of the population, but by 2026, 5G users are expected to reach 350 million, accounting for 27% of all mobile users in the country.

Historically, the capital expenditure wave of successive mobile network technology generations (4G and 5G) has a cycle of ten years. In 2021 and 2022, as the industry invested in 5G construction, capital expenditure (capex) increased sharply. Total telecom capex in 2022 grew by 4.2% to US$319.1 billion, higher than any historical or forecast year during the decade. However, looking to the future, we expect the growth rate of fixed broadband and mobile broadband investment to decline every year until 2027, and the significant increase in inflation and interest rate will make people more cautious about capital expenditure. In 2026, capital expenditures on mobile networks are expected to surpass investments in fixed broadband. Operators in the U.S., Europe, and Japan launched 5G, expanded fixed fiber infrastructure, moved systems to the cloud, and explored open source network solutions, which drove the growth of telecom capex.

IoT devices range from simple sensors that read the vibrations of bridges to 4K cameras that track traffic movement or pedestrians. They place different demands on the network in terms of energy usage, speed, and latency. In view of the growing demand for high-speed and low-latency networks in more and more industries, the network must be as efficient and expandable as possible. Telecom companies hope to improve their ability to achieve these attributes by working with experts throughout the ecosystem. Organizations at the forefront of the IoT will transition from standalone telecom companies to ecosystems consisting of both telecom and technology companies, each bringing complementary strengths. In a B2B context, there will be a greater emphasis on private enterprises.

The existence of the internet has changed many traditional industries. The traditional pay-TV market is shrinking. Globally, the traditional cable and satellite pay-TV market is shrinking at a rate of 3% per year. Such a trend is also noted in the reports of Kagan and S&P Global Market Intelligent. However, this does not mean that the viewers of traditional pay-TV change from satellite and cable TV to the internet to viewing the pay-TV. The viewership of traditional internet pay-TV is also falling, but the rate of falling is lower than the satellite and cable TVs. The most affected are the satellite TV service providers. For example, AT&T lost 650,000 DirectTV subscribers in the third quarter of 2021, and Dish Network lost 110,000 subscribers in the first three quarters of 2021. This was due to content providers of traditional pay-TV provided digital content via the internet, causing the subscription model for the traditional channels to be replaced by the free selection model. Through broadband internet service, some providers can collaborate with streaming service providers like Netflix, TiVO, Amazon, or Apple to reach the viewers. However, traditional viewing is the main revenue source of cable and satellite TV. As such, they must quickly find a new revenue source and profit-making method. This is evident in the annual reports released by some of the cable TV operators. For example, in Q3 2020, the overall revenue of Comcast Communication amounted to US$47.922 billion, up by 8.1% as compared to US$44.346 billion in the first 3 quarters of the year. Of which, the monthly broadband subscription fee revenue amounted to US$17.118 billion, down by12.6% as compared to the preceding year. However, revenue from corporate users amounted to US$6.597 billion, up by 8.2%; revenue from mobile communication amounted to US$1.672 billion, up by 56.4%. The content service amounted to US$16.676 billion, slightly up by 1.3%.

Figure 5. Service of MSOs

Some cable TV businesses have managed to build a viewing platform successfully, integrating terminal facilities and other content service provider via cloud management platform, Provide a one-stop integrated service where users can subscribe to broadband services simultaneously with next-generation on-demand video content, without being limited to a single video platform. In addition, due to the integration of infrastructure, the service quality is more guaranteed than applying for independent audio/video services, and cloud service platform providers can reduce the threat and cost of service complaints and user cancellations due to network errors. Therefore, it will be necessary for terminal devices to have cloud management and integration capabilities in the future.

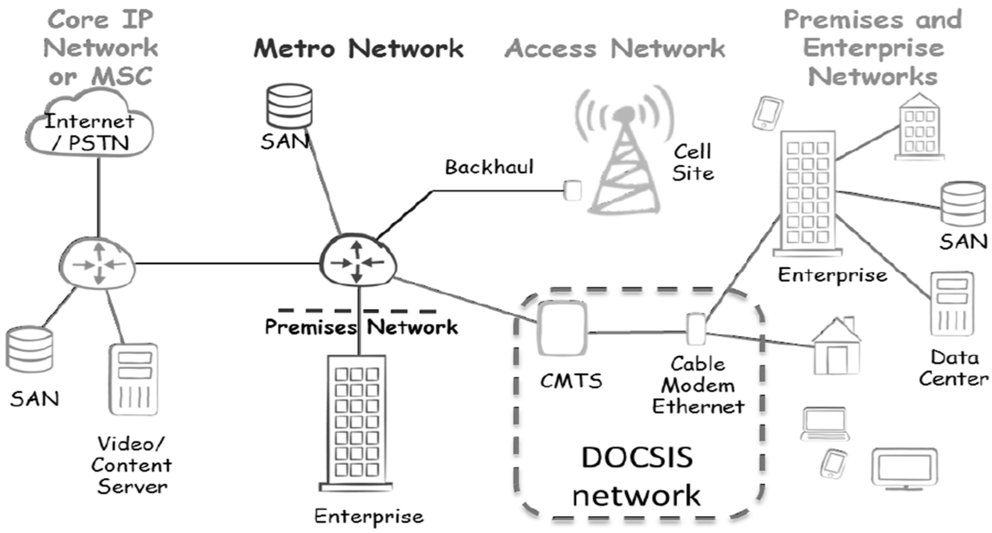


Figure 6. Mobile and Fixed Network Providers' Networks

In addition, as mobile communication becomes the mainstream internet service, some cable TV operators are venturing into mobile data and value-added network services. Other operators possess the service framework and licenses for both cable TV and mobile communication service. Cable TV businesses that do not own mobile communication infrastructure will adopt a mobile virtual network operator (MVNO) model to lease the broadband use from mobile network operator (MNO) and re-sell to consumers. The US Comcast launched Xfinity Mobile as followed the mode of MVNO. Since 2019, the U.S. cable companies Comcast and Charter both had double-digit percentage growth in customers and revenue of mobile communications service . Firstly, the integration of mobile communication users with cable TV viewers has reached economies of scale. Secondly, data flow and backbone fees must be incorporated as revenue items. In other words, the existing cable TV infrastructure must translate to the new subscriber of mobile communication. However, the revenue from mobile communication is not sufficient to support the expenditure on a large scale or aimless construction of the base station. Therefore, some cable TV providers set their eyes on the corporate private network, Citizens Broadband Radio Service (CBRS) to reach their target market, because the target customers are concentrated, the ROI of infrastructure can be estimated, and it is a blue ocean where existing mobile communication service providers have not taken up much profit. And in 2020, the Federal Communications Commission (FCC) approved the business use of CBRS. The approval is expected to be beneficial for the cable TV businesses to fight for the market share of the mobile communication industry. In addition, the commercialization of low-orbit satellite services began to mature in 2023, with major international operators like Starlink and OneWeb continuing to deploy their satellite constellations. The growth in the number of users will drive the demand for related terminals. In order to support the rollout of commercial services, carriers will accelerate the cooperation with the equipment supply chain to expand the manufacturing of satellite/terrestrial equipment and the procurement of spare parts. The Company mainly focuses on the design and manufacturing of routers, coupled with the self-developed device cloud management solution - Hitron Cloud, potential growth in revenue is expected in the next 10 years.

With broadband service provider no longer offering simple broadband service and instead of venturing into the application of IoT, so as to launch various cross-platform smart home/community-related application service via the integration of fixed network and mobile communication networking infrastructure, and with the mobile networking and cloud service gaining popularity, the concept of integration -- IoT has become the focus of development of various corporations in the near future. IoT is not a brand new conception and product. When the internet became popular, electronic appliance manufactures had already come up with the idea. However, the opportunity is only maturing now as compared to before. Its objective is to link devices through radio frequency identification sensing equipment to IoT, implementing smart identification and management. As the internet is more ubiquitous than ever, use of personal mobile devices is prevalent, equipment costs decreasing substantially, platforms from Apple IOS, Google and Amazon offering value-adding software and services, and industry chain becoming more complete, from facilities, services, content to financial integration, the product and service systems are maturing.

Currently, most broadband service providers use hybrid access to provide for the last mile wire layout. The internet service providers provide the optical fiber, copper wire transmission, and even services through integrated wireless transmission platform. The traditional operating model of single access or old transmission method has since disappeared. The difference among the service providers is diminishing gradually, leading to even more cutthroat competition.

Our country is the main production settlement for cable CPE manufacturing, comprising more than 80% of global output. The cable CPE manufacturing of our country consists of serving as OEMs for system products, and as brand operators, with no other competitive countries or clusters posing significant threats. Further, in Taiwan, there is a growing number of manufacturers who bypass brands and get in touch with MSO directly to solicit orders, thus making the Taiwanese manufacturers to quickly come up with product design and manufacturing capability, which helps maintain their product profitability. For this industry, in terms of comparison of output value or production volume, Taiwan has been the most important R&D and production site globally.

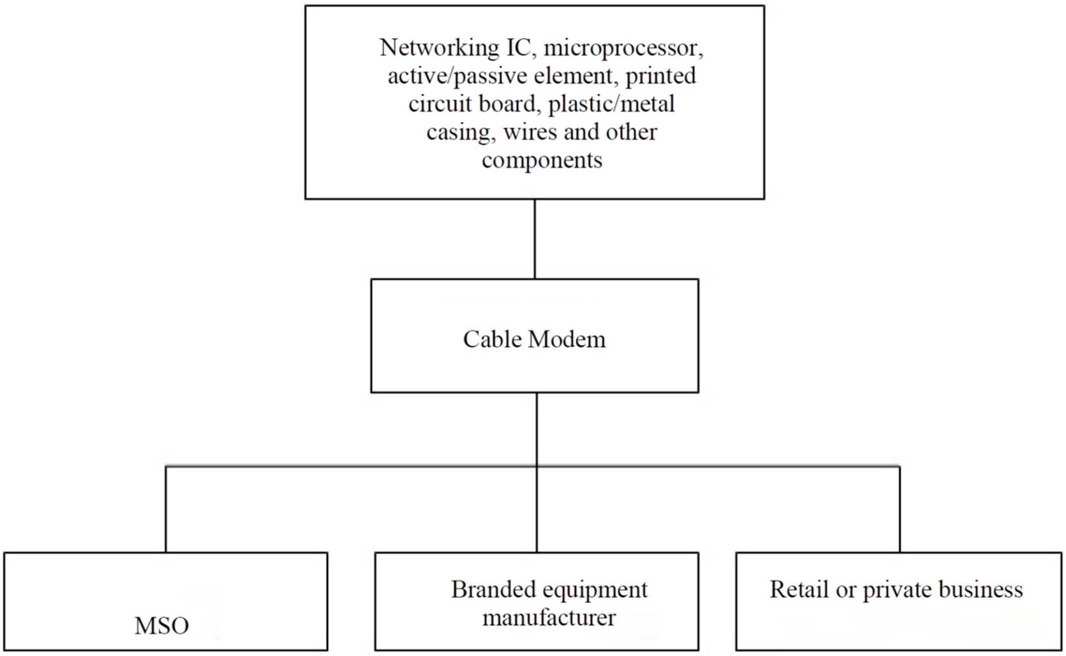
Due to the high cable laying cost and time consumption, the entry barrier for manufacturing cable CPE is relatively higher. Looking at the future outlook, globally, the current number of cable modem users is fewer than xGPONs. However, with the ubiquity of the digitalization of cable TV, compounded by the increase in wire broadcasting users, the revenue of the global telecommunication market will continue to grow. Furthermore, the cable modem is being integrated into the communication module of the set-up box (STB), and the development of DOCSIS technology drives the trend of renewing devices. This development may be where the growth of cable modem lies in the future, especially for large cable user markets, such as the US, Korea, and Japan.

Our country is the main production settlement for cable CPE manufacturing, comprising more than 80% of global output. The cable CPE manufacturing of our country consists of serving as OEMs for system products, and as brand operators. So far, no other countries or production settlements have emerged to threaten the status of our country. Further, in Taiwan, there is a growing number of manufacturers who bypass brands and get in touch with MSO directly to solicit orders, thus making the Taiwanese manufacturers to quickly come up with product design and manufacturing capability, which helps maintain their product profitability. For this industry, in terms of comparison of output value or production volume, Taiwan has been the most important R&D and production site globally.

2. The connectivity of target customersservicescontent and supply chain

According to services, the Company re-deconstructs the supply chain of the cable TV industry and no longer positions the value of the Company in terms of a single terminal equipment supply chain. Supplying target customers with in-house brand products requires substantial operating costs. Increasing revenue and profitability for the costs incurred requires an integration strategy, which besides the existing vertical integration business strategy, can enhance the product standard. This is because from the point of view of the customers, they would go for the double equipment supplier while reducing the total number of suppliers strategy, reducing the risk of equipment supply, increase the room for price bargaining and reduce operating costs. As such, if a single equipment supplier is unable to provide more supply for other equipment or services, its revenue will fall while the operating costs remain the same.

The establishment of sales channels requires the time and cultivation of professionals and relationships. The development of new products takes time as well. The building of a brand also requires focus and professionalism. The capability and knowledge of product line and professionalism must also in tandem with the needs of customers.



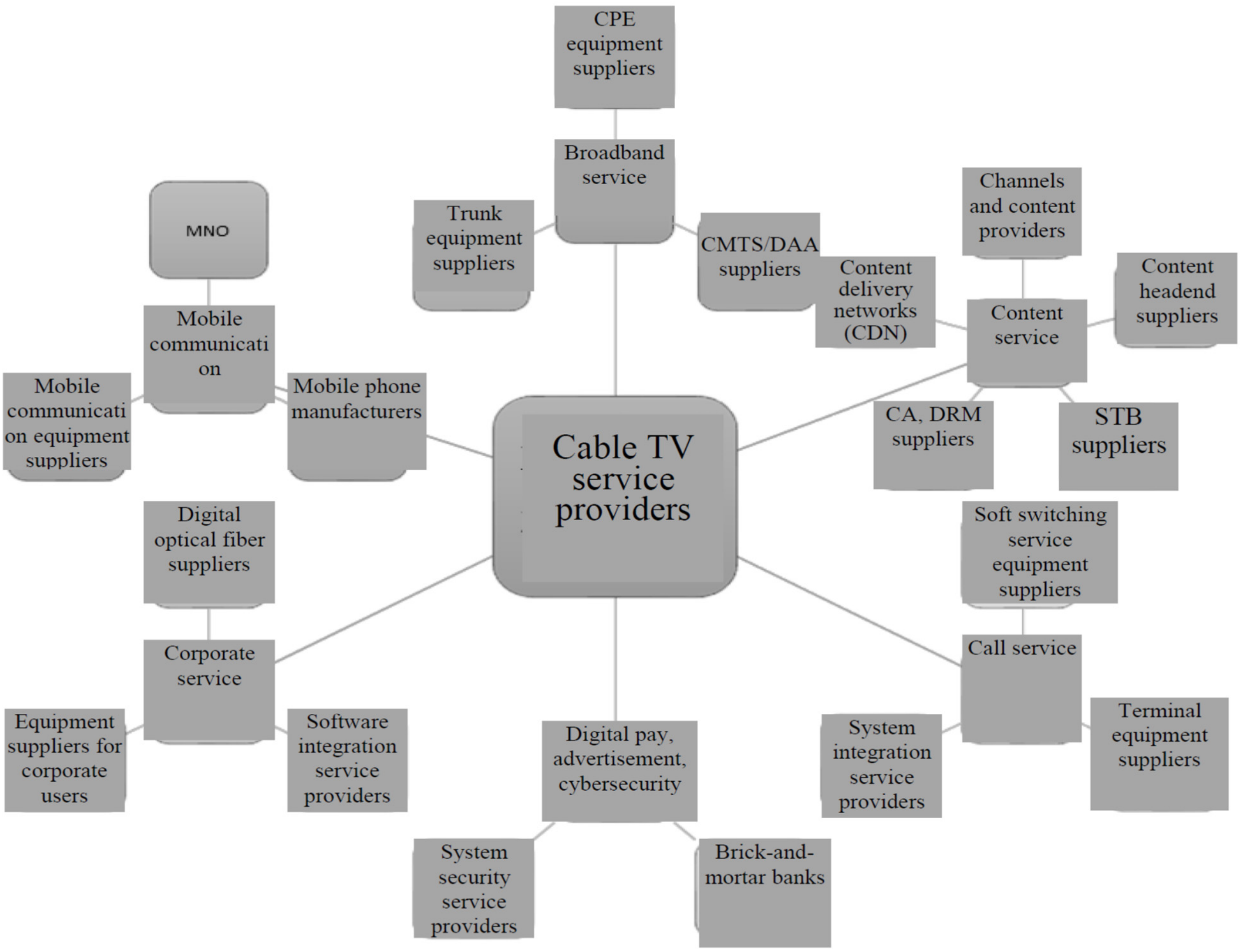


Figure 7. Relationship between services provided to target customers and supply chain

3. Product development trend and competition

CableLabs released the standard for DOCSIS 4.0, supplementing and amending previous generation technology, DOCSIS 3.1. The average downloading and uploading rate can reach up to 10Gbps, including the full-duplex DOCSIS (FDX) which allows the downloading and uploading data to flow in the same band. Further, it has a low delay (target <1ms) and a new DOCSIS (EDS) function of expanding the band to support HFC 1.8GHz (expanded by 600MHz as compared to DOCSIS 3.1) internet data flow. The DOCSIS 3.1 products has taken up more than 60% of total annual shipments.

Hitron Technology has accumulated many years of research and development strength, and the research and development team has deeply captured the confidence and loyalty of customers with customized research and development services. In the future product development, using its existing technologies and products as its R&D basis, the Company will integrate multimedia and diversified service medium with service platforms, providing the broadband products and integrated services, such as Hybrid Video Gateway, SMB Gateway and other diversified terminal equipment of IoT that support content transmission through ultra-high frequency.

Apart from broadband, wireless telecommunication network is the most important demand. In the development of application software, the software design capability of the businesses in our country is one of the best globally. Therefore, for a wireless telecommunication network, in addition to the four capabilities of broadband network, the technological capability of the businesses in our country include the capability of designing the value-adding service of the application software.

Many domestic competing cable modem manufacturers are gradually merging and acquiring one another or bowing out of the market altogether. The main OEMs are Foxconn, Pegatron, Sercomm. Companies with in-house designers are Hitron, CBN, etc. In the future, the Company will develop products that timely cater to market needs, integrating further with customers' processes, providing value-added services to customers with innovation, and pursuing higher quality in products. We expect there is more room for growth in the future.

(III) Technological capability and R&D

In 2018, Hitron Technologies will upgrade the Ethernet interface at the user end to the expansion speed of 2.5Gbps. The PC and notebook interface of end-user provided will be 2.5Gbps as well globally. In 2021, Hitron Technologies also introduced the new Wi-Fi 6E specification into home wireless network routers and extenders. With the main terminal equipment, it can produce a better wireless telecommunication coverage. Users will increase the mini Wi-Fi access points (APs) for the wireless mesh network (WMN). Hitron Technologies will design and manufacture pure wireless APs, and hybrid APs with Wi-Fi and cable network capacities that integrate them with the existing router production line. With the introduction of cloud computing, AI and other technologies, Hitron Technologies will incorporate remote control and telecommunication interface into the new design of network analyzer, providing network analyzer with positioning and range forecast troubleshooting to service providers, and thus giving more value-adding services and functions to new products.

Annually R&D expenditure and the latest successfully developed technologies or products for the most recent year until the publication date of the annual report

Unit: NT$ (thousand)

Item \ Year	2023	2024 Q1
R&D expenses	510,404	Note
Successfully developed technologies or products	1.DOCSSIS 3.1 Cable Wi-Fi Gateway: CODA-4680, CODA-4589, CODA-4514,CHITA; DOCSIS 3.0 Wi-Fi 24x8 Cable Gateway CGNV4-28, HUB4, CGNV4-FX4; DOCSIS 3.0 Wi-Fi 16x4, CODA-5712 2.DOCSSIS 3.1 Cable 802.11ax Wi-Fi Gateway: CODA-552X, CODA-553X 3.DOCSSIS 3.0 Cable Network Probe:CGN-DP2, DOCSSIS 3.1 Cable Network Probe: CGN-DP3 4. Optical fiber voice gateway: SVE-3710 5. Outdoor DOCSIS 3.1 Cable Modem: COMA, CHOE. ODIN-1112 6. Wi-Fi 6 Extender ARIA2210， ARIA3411 7.NOVA2200 10GPON ONU, NOVA1214 10GPON HTU	

Note：As of the print date of the annual report, the 2024 Q1 financial statements have not been reviewed by CPAs yet, with no number of the quarterly report for reference.

(IV) Long and Short Term Business Development Plans

1. Short Term Business Development Plans
   (1) Marketing strategy: Continue to expand the existing market by providing products with stable functions and high quality to cater to customer needs, timely provide customization of product specifications to create a 100% top-grade service. In the short term, Hitron Technologies will actively engage service providers to develop products that can increase operational effectiveness. Via the channels of existing brands, the product design will be adjusted to cater to the needs of service providers in terms of profitability and services.
   (2) Increase in product quality and cost reduction: the factory in Vietnam will serve as the production base of Hitron, striving to improve in-house R&D and production technology and increase product quality. To counter the increase in labor costs in Mainland China, the Company will strive to introduce automation, reduce labor needs and improve production capacity, in order to lower production costs and increase the room for profitability.
   (3) Reduce the percentage of customers and products that require a longer development period, so as to increase profit realization from investments and assets.
   (4) Increase the sales of innovative and high value-adding product lines.

2. Long Term Business Development Plans
   (1) Continue to develop cable modem and system integration service, start to venture into integrating products with value-adding services, cloud, and AI big data.
   (2) Expand the scale of a product based on existing products by instilling the results of in-house R&D, so as to master the core technology that can be the lead company in the industry. The scale of the market shall expand globally, catering to customer needs in terms of both cable and wireless products.
   (3) Develop new products and customers in new markets, effectively mitigate risk by diversifying customer groups and regions, and obtain long-term stable ordering to maintain the yearly growth target.
   (4) Continue to explore new opportunities for growth and cross-industry consolidation, develop products related to home-used network gateway and other module inserted TVs that cater to the digital needs of households.

II. Markets and Sales Overview

(I) Market Analysis

1. Sales (Service) by Regions

Unit: NT$ (thousand)

Region \ Year		2023		2022	
		Amount	%	Amount	%
Sales domestically		2,835,659	30.15	2,668,020	21.66
Export sales	Asia	349,840	3.72	281,606	2.28
	America	5,810,018	61.79	8,156,923	66.22
	Europe	408,145	4.34	1,211,680	9.84
	Others	-	-	-	-
	Subtotal	6,568,003	69.85	9,650,209	78.34
Total		9,403,662	100.00	12,318,229	100.00

2. Market Share

Since 2008, Hitron Technologies has strived to develop in-house brands and provide localized services. In recent years, as customers have widely accepted our product design, functions and quality, the Company has achieved economies of scale and is invited to take part in bidding for high-level mainstream products. Currently, the sales of Hitron Technologies rank number three to four in Taiwan in terms of the export of cable modem products. Of which, more than 70% of the products contain wireless networking function and are deemed as high-level home-used routers. Some customers apply them in SMEs or connecting subsidiaries.

Due to the consolidation of in-house R&D, manufacturing and sales of cable modems and system integration service to a one-stop-shop, the Company has more competitive advantage than other cable modem OEMs in the country, such as Foxconn, Pegatron, Askey, Sercomm. Companies with in-house designs are Hitron, CBN. Our main difference is reflected in time-saving and effectiveness in communication, allowing the Company to win over the ultimate users and make direct sales to them. In the future, the Company will develop products that timely cater to market needs, integrating further with customers' processes, providing value-added services to customers with innovation, and pursuing higher quality in products. We expect there is more room for growth in the future.

In 2023, most of the cable TV service providers used DOCSIS 3.1 equipment globally. In 2022, Hitron's cable CPE shipment volume accounted for 10% of the global market share. The market share for DOCSIS 3.1 CPE in the overall cable market continued to increase, and the demand for DOCSIS 3.1 CPE in Central and South America was higher than expected. Wireless gateways have become our main product. With the addition of Wi-Fi 6 (original 802.11ax) and Wi-Fi extender supporting mesh function, the entire product planning becomes more complete. Unlimited extenders have also indirectly contributed to the operators' broadband as they use Hitron's cloud services. It is expected that the new model of the next generation of the standard product DOCSIS 4.0 CPE will be developed throughout this year. The Company's development centers on the home network and user experience. By doing so, we enable our customers to increase revenue from more software services with the existing business model and network structure, generating more profits.

3. Future market supply and demand, and growth

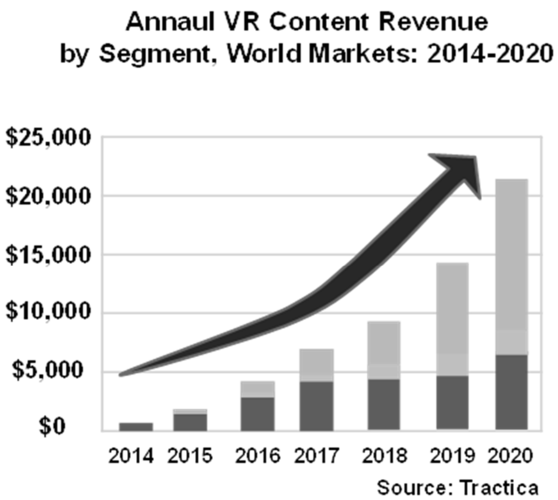
(1) In the internet era, the ubiquity of broadband can increase the overall competitive advantage of a country. As such, due to the ever-increasing internet users, the need for broadband internet equipment continues to grow, so as to cater to the need of cable TV service providers.

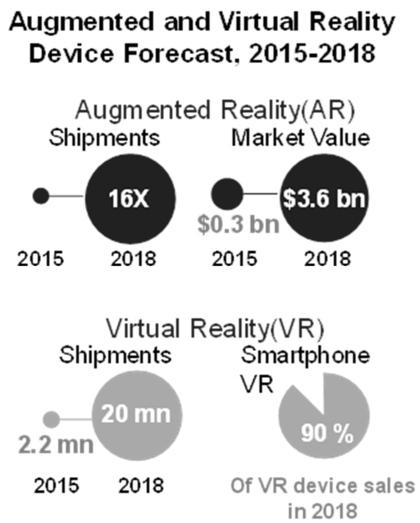
(2) Automation in households has significant growth potential. The main application lies in home security, home automation, health care and treatment, and smart grid.

(3) In response to the global digitalization phenomenon, the need for integration of many high-level functions at the end-user equipment is getting more evident. The upgrading of DOCSIS version continues to grow, and thus the global market is expected to grow significantly.

(4) The application and need for augmented reality (AR) and Virtual Reality (VR) are starting to pick up. The need for internet bandwidth will grow by more than six times, and thus a higher bandwidth technology is in demand.

(5) Internet from 1Gbps to 2.5Gbps or 10Gbps is becoming ubiquitous.





4. Niche market

The Company can grow in a competitive telecommunication and broadband service market and take up a certain percentage of market share due to the following after an analysis of its niche market strategy:

(1) A strong R&D team that create a niche

The Company closely follows new technologies such as hybrid cloud computation, big data and AI, and consolidates existing technologies to prepare for the advent of an era where future communication and software-defined network (SDN) are closely integrated.

(2) Building brand awareness, adding application value and system integration to products

The Company acutely masters telecommunication technologies, the trend of development, while gradually building a well-oiled sales network and servicing group, which can increase professional value-add. The cloud service integration system of Hitron Technologies will not only provide an integrative solution to customers but also reduce operational and service costs, creating a three-way win for users, Hitron Technologies, and customers.

(3) Professional talents with high qualification and experience that can create high productivity

To meet the goals of strengthening technologies and developing the international market, the Company consistently hires professional talents with high qualifications and experience. Take R&D researchers, for example. 100% of the personnel possess at least a bachelor’s degree. 50% of them possess at least a master’s degree.

(4) Consistently reduce costs and increase the room for profitability

With an increasing fuel price and standard of living, the survival of companies and their profitability is threatened. New technology is consistently applied to reduce costs and search for new substituting components and manufacturing process. In the future, it will also be beneficial to resist inflation and improve profitability. High automation will reduce the labor need and robots will increase production effectiveness and enhance product standardization.

(5) Improve cost–performance ratio

When the costing is optimal, to avoid hurting profitability, the Company should not continue to engage in a price war. Instead, it should improve cost-performance ratio. For service providers, services include after-sale service, maintenance, response time to feedback, delivery and tax services. Helping service providers to save costs should be taken into consideration. For example, delivery of products to end-users on behalf of service providers can reduce the storage, dispatch and management costs for service providers.

(6) Vertical integration of production, sales and R&D

Vertical integration of sales and production is an evident costing advantage as opposed to foreign competitors. Further, effective sales channels can shorten the delay from ordering to delivery. The risk of raw material wastage is lowered. Once R&D and sales are vertically integrated, the Company can timely cater to customer needs. When production and R&D are vertically integrated, the Company can effectively improve product quality and production effectiveness.

5. The favorable and unfavorable factors, and countermeasures

(1) Favorable factors

A. Obtaining certification of various countries

Many cable modem products of the Company have passed the DOCSIS1.0/1.1/2.0/3.0/3.1 certification of CableLabs, which is helpful in market development and maintaining technological advantages.

B. Regulations and intellectual property law in securing R&D technologies

The domestic trading regulations and intellectual property law compel businesses to acquire new technologies and invest in R&D, securing the protection of technologies and contributing to the growth and continuance of the Company. The Company possesses a strong R&D team. Currently, it has actively developed transmission products, such as products related to FTTH and Wi-Fi Mesh. The results are promising.

C. Smooth marketing channels and established sales locations in North America, South America and Europe

The Company has established many subsidiaries all over the world to conveniently provide technical support and advisory services to their respective regions, giving customers and sales agencies the most accessible and complete services. Establishing regional offices is also part of the Company’s plan, so as to further the sales and technical support network. In 2021, new sales channels were opened up for e-commerce platforms, and the sale of Hitron’s products was rolled out on Amazon and NewEggs.

D. Key innovative technological breakthroughs

The Company has invested in R&D for well over ten years, accumulating new techniques needed in telecommunication technology, message coupling and de-coupling techniques on ASIC and noise-canceling techniques, all of which are core competitive advantage in constructing future telecommunication infrastructure. In recent years, cloud platforms and artificial intelligence (AI) have been introduced in equipment management and service optimization. Except to equipment sales, a new business of charged software services (Software as a service-SaaS) has also been launched .

E. Development of home-based internet/automatic products to cater to market needs.

Nonetheless, the product level has advanced from home networking to home server, or even home automation. In which, home automation sees the greatest growth. For service providers, this helps raise the monthly average revenue per user (APRU) and will reflect in the revenue made off the broadband services. From the point of view of the user, the needs are mainly in home security, home automation, health care and treatment, and smart grid. Currently, the number of machines is at least four times greater than the number of people. This marks a great market potential for the Company. Hitron possesses first-mover advantage and a comprehensive understanding of users' habits as compared to other platforms and has thus accumulated a large number of application software and product design that provide users with direct interaction and integration with other related information.

(2)Unfavorable factors and countermeasures

A. Merging and acquiring capability that is lagging behind international brands

Countermeasures:

a. To acquire the niche for its products, the Company shall develop its services and application framework on the niche of the cable modem. The market potential for its products remains promising. As such, in terms of operational strategy, the Company strives to maintain an advantage in its profits, and even expand the niche market share. The Company will make use of the economies of scale accumulated in the niche market to acquire an advantage in cost, to apply pressure to other international brands.

b. In terms of product functions, the Company must increase new functions or interface to prolong the product cycle life, while focusing on catering to customer needs to maintain its advantages.

c. Medium to large businesses continues to merge. Their economies of scale will create a substantial difference in terms of cost.

d. The Company shall consistently develop new technologies and collaborate with suppliers.

B. The shortage of key components has gradually improved, but there is still a need to further strengthen local procurement of components.

The disparity in raw material supply is much smaller now compared to before. However, the overall demand is slightly lower than the capacity supply. Therefore, in 2023, the Company will be able to continue to handled the source of the main chip to reduce the main disadvantages. Currently, the domestic high-tech product development is not yet mature. However, some of the main components, such as ASIC etc. still require importing from large international suppliers.

Countermeasures:

a. The Company shall strengthens the long-term relationship with suppliers, closely monitoring the change in the upstream industry to obtain the information regarding the supply of raw materials, so as to maintain flexibility in the production schedule and tying down of capital or interruption of raw material supply.

b. Seeking for design diversity and variety to avoid single supplier

C. Inflation in raw materials and an increase in labor costs

Countermeasures:

a. The Company extends the preparation time for raw material. Due to the expectation of rising prices, suppliers would stockpile inventories, hoping to make a greater profit subsequently. To avoid the interruption of raw material supply, the Company will increase the preparation time for raw material. However, the shortfall is that inventory turnover will be lowered and more capital will be tied down.

b. Increase automation. To replace labor with robots.

c. Expand the scale of the market. Accumulate more price bargaining chips.

d. Sourcing for substituting materials and suppliers.

D. CSR regulations

Sustainable development is the ultimate goal pursued by all countries and enterprises in the world today. Hitron Technologies set up the CSR Committee in 2019 and has since been committed to implementing corporate social responsibility related activities. In 2021, we set up the ESG Committee based on the three elements of Environment, Social responsibility, and corporate Governance. Based on the economic, social, and environmental aspects, the company has expanded its environmental focus to include "sustainable products," "sustainable operations," and "sustainable supply chains." Additionally, it addresses "social responsibility" and "corporate governance", totaling five aspects to promote sustainable business initiatives. With that, we have implemented sustainable development projects and formulated management performance indicators for each aspect; and set 2022 as our base year of implementing and recording ESG activities.

Corporate social responsibility is a new concept that is trending in the mid to late 20th century. The influence that large corporations possess, corporate image, pressure from NGOs and international regulations imposed on exports documented on ESG reports have become the competitive advantage in sustainable development that corporations pursue. Companies showcase their management results, improvement of corporate image and the communication medium with stakeholders by issuing corporate sustainability reports. Internationally, the more common CSR standard is as follows:

GRI G3(Global Reporting Initiative, GRI): Provides the preparation principle for sustainable development report writing and standard for disclosure. The reporting comprises three major aspects in voluntary disclosure framework in the economy, environmental protection and social, providing a guideline for sustainable development reporting that is applicable internationally and thus standardizing the reporting of different regions.

AA 1000(Account Ability 1000): Aims at improving interaction and issues between corporations and stakeholders. The standard is established by maintaining a balance between accounting, auditing and reporting standards. Its principle examines the accommodation, comprehensiveness and responsiveness of the reporting.

EICC(Electronic Industry Citizenship Coalition): Ensures the safety of the working environment and respects employees in the electronics and telecommunications supply chain industry. Additionally, it takes environmental responsibility in the manufacturing process. Usually, customers (members of EICC) would ask to review suppliers or have suppliers designated an inspection institution.

ISO 26000 (the International Organization for Standardization): Emphasizes compliance with laws and regulations, respect for human rights, caring for employees, protecting consumers, being enthusiastic about social welfare, caring for the environment, and contributing to the sustainable development of society, economy, and environment. The reporting is for reference only and should not be deemed as third-party certification. The content of the reporting could be made by self-assessment or declaration, or review by a third party.

Countermeasures:

a. In 2017, Hitron Technologies had passed the certification from Ecovadis CSR and was conferred a silver award. The Company will continue its effort in obtaining SA8000 certification and reviews by a third party.

b. In the next five years, Hitron Technologies will, CSR focus will be on social responsibility (employees), putting people first, and creating a happy and inclusive workplace. A series of action plans will be initiated with caring for employees as the main focus.

c. The Company will introduce cross-border cloud management system integration as a preventive measure to undertake challenges posed by the environment.

(II) Important applications and manufacturing processes of main products

1. The important applications of main products

Product type Service type	Item	Main Usage
Cable modem products	＊Cable modem (Cable Modem) ＊Multiple line eMTA cable modem (Multiple Line eMTA) ＊Multiple line eMTA voice gateway (Multiple Line eMTA) ＊Digital STB with cable modem module (STB eCMM) ＊Cable data network testing instrument	＊ Using cable TV HFC network and integrating cable modem, MSO can provide various value-adding services such as internet access, cable telephony, or even VOD etc. ＊ Multiple Dwelling Unit (MDU) in communities, buildings, apartments, VoIP over cable ＊ Digital STB with cable modem module ＊ Internet access of cable TV and message return ＊Troubleshooting for a cable network
System integration service	＊ WiFi 6 wireless broadband router and extender ＊ Optical fiber router - XGSPON ＊ 5G mobile network - FWA	＊ The wireless broadband router used by digital households to connect wireless end users, such as mobile phones, tablets and laptops. ＊Fiber optical network to the home user's broadband Internet access modem ＊Home broadband router that uses 5G mobile network signals to access the Internet

2. Manufacturing process

In-house production

Burning IC → Automotive installation → Manual plug-in → Burn in → Assembly → Testing → Packaging → Product storage → QA → Delivery

(III) Supply status of main materials

The suppliers of the main raw materials are from the US, Taiwan, Japan, Vietnam, and Mainland China. The Company maintains a good relationship and signs a long-term supply contract with major suppliers. Therefore, the supply of raw materials is stable. The sales of the Company is fairly substantial currently. Thus, the bargaining chips of the Company have increased. Suppliers are willing to stock up and thus the supply is fairly stable. As Hitron Technologies possesses technological advantages and control over service providers, major wafer makers deem Hitron important collaborative counterparts and are willing to provide better technical support and competitive pricing.

(IV) For either fiscal year of the two most recent fiscal years, the customers with purchase or sale of 10% or more

1. Major customers for the most recent two years

Unit: NT$ (thousand)

	2023				2022			
Item	Name	Amount	As a percentage of net sales for the year [%]	Relationship with the issuer	Name	Amount	As a percentage of net sales for the year [%]	Relationship with the issuer
1	Customer C	2,571,750	27.35	-	Customer C	2,480,025	20.13	-
2	Others	6,831,912	72.65	-	Others	9,838,204	79.87	-
	Net sales	9,403,662	100.00	-	Net sales	12,318,229	100.00	-

Description on change: No significant changes in the most recent two years

2. Major Suppliers for the most recent two years

Unit: NT$ (thousand)

	2023				2022			
Item	Name	Amount	As a percentage of net purchases for the year [%]	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year [%]	Relationship with the issuer
1	Supplier W	3,139,430	43.97	-	Supplier W	2,528,166	19.78	-
2	Others	4,000,413	56.03	-	Others	10,254,850	80.22	-
	Net purchases	7,139,843	100.00	-	Net purchases	12,783,016	100.00	-

Description on Changes: The decrease in purchases to Supplier M was mainly due to the fact that Supplier M purchased from its agent supplier W.

(V) Production in the most recent two years

Unit: NT$ Thousand ; unit

Year / Production volume and value / Main products	2023			2022		
	Production Capability	Production Volume	Production Volume	Production Capability	Production Volume	Production Volume
Cable modem	-	2,908,150	5,612,312	-	4,432,109	9,180,107
System integration service	-	-	-	-	-	-
Total	-	2,908,150	5,612,312	-	4,432,109	9,180,107

(VI) Sales in the most recent two years

Unit: Value: NT$ (thousand)/device

Year / Sales / volume	2023				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
Main products	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cable modem	265,716	627,796	2,943,871	6,533,306	320,330	635,616	3,823,484	9,634,410
System integration service	-	2,207,863	-	34,697	-	2,032,404	-	15,799
Total	265,716	2,835,659	2,943,871	6,568,003	320,330	2,668,020	3,823,484	9,650,209

III. Employees Information for the Past Two Years Until the Publication Date of the Annual Report

Year		2022	2023	Until March 31, 2024
Number of employees	Management employees	181	164	143
	Technical employees	594	441	349
	Direct labor	587	315	387
	Total	1,362	920	879
Average age		30.32	32.58	31.6
Average years of service		2.6	3.96	3.45
Distribution of academic qualifications	PhD	2	0	0
	Master’s Degree	117	107	73
	Bachelor’s Degree	484	396	326
	High School	543	263	398
	Below High School	216	154	82

IV. Expenditure on Environmental Protection

(I) For the most recent year until the publication date of the annual report, the total losses (including damages) and fines incurred by the Company due to environmental pollution:

The production process of IT and telecommunication service systems of the Company has never had any pollution issue. Further, the production plant has many pollution prevention facilities and large scale sewage treatment plants that meet the international standard. The requirements imposed by the Park Bureau regarding environmental protection under the care of corporations are also very strict. Since its establishment, the Company has never been punished or has incurred losses due to pollution.

Apart from paying quarterly sewage treatment fees to the Park Bureau, there are no other regulations that compel the Company to apply for a license for installation of anti-pollution facilities or permit for pollutant emission, or designate specific unit and personnel for environmental protection. Moreover, depending on the circumstances, the Management of the Company would hold review meetings to improve the comfort and safety of the work environment.

(II) Countermeasures (including improvement measures) and possible expenditure due to pollution (including estimation of possible losses, fines, and damages due to inaction): The Company has never been punished or has incurred losses due to pollution.

V. Labor Relations

(I) Availability and execution of employee welfare, education, training and retirement policies. Elaboration of the agreements between employers and employees, and protection of employee rights.

The welfare, education, training, retirement and opinion of employees are important to the Company. As such, labor relations have always been harmonious. There was no labor dispute for the past two years.

1. Employee welfare

The employee welfare includes labor and health insurance, employee group insurance, medical checkup, year-end bonus, performance bonus, employee stock options and dividends, all of which is to increase the sense of belonging of the employees. Further, the Company has established the Staff Benefits Committee, in which members are elected by open ballot. The fund is allocated to the Committee as a benefit to promote various welfare activities for the employees. including staff retreats, wedding congratulatory money, and bereavement ex gratia payment, childbirth allowance, scholarship for the children of employees, birthday allowance and get-togethers.

2. On-the-job training

Apart from orientation and on-job training, various departments will hold internal and external training according to their own needs, to cultivate the professional skills of the employees. The Company holds business management, R&D, market development courses regularly, to enhance the service quality and management results. Through a transparent performance evaluation and promotion system, the Company promotes growth in experience and knowledge of employees, gradually leading them to realize their career goals.

3. Retirement system

The employee retirement system is established in accordance with the Labor Standard Act. The Company appropriates pension funds regularly which is deposited in Central Trust of China. Every year-end, the Company appoints an actuarist to compute the pension cost to ensure that the pension liability is sufficient. Since July 1, 2005, after the new system was implemented, the Company conforms to the regulations and pays 6% of employees' salaries to their individual accounts at the Bureau of Labor Insurance.

4. Employer-employee communications

Since its establishment, labor relations have always been important to the Company. Employee welfare is well established in accordance with the Labor Standard Act. As such, the labor relations of the Company have always been harmonious. Staff benefits and material measures are announced by the relevant unit, while employees can express themselves and find out the intentions of the Company's regulations via many channels.

5. Work environment and employee safety measures

To protect the safety of employees, the entrances of the Company have access control installation. Security guards are hired to manage the entrances when employees have to work overtime to ensure their safety. The machinery and fire-fighting equipment are regularly maintained or repaired. The Company has also insured against public accident, to provide extra work security to the employees.

6. Has the Company established the protocols for filing complaints against illegal (including bribery) and immoral acts for employees?

(1) Illegal (including bribery) and immoral acts: The Company has established "Working Rules" and "Code of Conduct for Employees" to stipulate the immoral acts against the Company for employees to conform to. A reward and punishment system is also established.

(2) Channel for filing complaints: The Company has established an employee mailbox. Any employee who wishes to file a complaint or provide feedback may send to the employee mailbox.

7. Measures to protect the interests of employees

(1) The Company has established a comprehensive documentation and management system that details various protocols, employees' rights, duties and welfare. Evaluation of the content of these protocols is undertaken regularly to ensure the rights of employees are well protected.

(2) The Company holds a labor mediation meeting quarterly to establish a communication mechanism between labor and the management to protect the interests of employees.

(3) For the most recent year until the publication date of the annual report, actual or estimated losses arising as a result of labor disputes and any countermeasures taken: None.

VI. Cyber Security Management

(I) Information Security Policy and Structure

1. After taking into account the information security requirements and expectations of all stakeholders in the organization, we formed an Information Security Management System Promotion Committee to promote information security management matters and increase the awareness of information security. We have also introduced the PDCA management cycle to establish an Information Security Management System. The management direction of the System is constantly adjusted and evaluated with improvement proposed in order to correspond internal and external changes. This approach maintains the effectiveness of the construction of ISMS and its implementation status is reported to the Board of Directors each year.
2. In accordance with the information security management framework of ISO 27001:2013, the Committee establishes the Company's information security documents, including form records, guidelines, procedures and policies. Based on these, rules and guidelines for management of the organization, protection of information assets and distribution of resources are formulated. Documents are managed in a hierarchical approach in correspondence with various information security aspects.
3. Risk management is handled in accordance with ISO 27001:2013 management system requirements and the framework and process of ISO 31000 risk management principles and guidelines are incorporated to establish a risk management framework. By continuing to monitor main risks in order to achieve the objective of risk management, while reducing personnel, property and reputation.

(II) Information Security Governance Effectiveness

The Company introduced the ISO27001 information security management system (ISMS) standard in 2019, and was verified by the SGS Group in June 2020, with the ISO/IEC 27001:2013 certificate issued by the SGS Group. Through the validation of ISO 27001 standard, the following has been achieved:

1. Through education and training coupled with the promotion of the Committee, internal security consensus is deepened to jointly partake and maintain the operation of information management system.
2. In 2023, we held two information security education and training sessions, namely, 105 hours of "Social Engineering and Information Security Advocacy" and 189 hours of "You Need to Know - Don't Be a Technology Lamb to be Slaughtered". A total of 98 people attended the courses, and the total number of hours was 294 hours.
3. Identify information assets and reduce operational risks through robust risk management rules.
4. Implement risk management in daily activities and build a feasible system for employees to comply with and are happy to do so.
5. Construct a secure and reliable information security management system that is internationally verified to strengthen customer confidence.

(III) List of losses due to labor disputes in the most recent year up to the date this report is published, disclosure of the estimated amount, and countermeasures against current and possible future ccurrences. If the amount cannot be reasonably estimated, the reason shall be provided: None.

VII. Material Contracts:

Type of Contract	People who are involved	Date of the start and end of the contract	Main Content	Restriction Clause
Syndicated loan contract	First Commercial Bank, Taipei Fubon Commercial Bank, Chang Hwa Bank, Bank SinoPac, Esun Bank, Land Bank of Taiwan, Mega International Commercial Bank, Cathay United Bank	Five years since the first utilization	Five-year syndicated loan of NT$2.2 billion	Per syndicated loan contract

Six. Financial Highlights

I. Most Recent Five Years Concise Balance Sheet and Comprehensive Income Statement

(I) Concise Balance Sheet and Comprehensive Income Statement (Consolidated) - Based on IFRS

Concise Balance Sheet

Unit: NT$ (thousand)

Item \ Year		Financial Analysis of the most recent year (Note 1)				
		2019	2020	2021	2022	2023
Current assets		8,255,614	10,109,051	8,654,473	9,562,665	7,715,903
Property, plant and equipment		1,108,216	1,876,017	1,782,568	2,059,077	1,855,821
Intangible assets		50,916	48,136	33,757	97,425	101,119
Other assets		500,450	522,751	515,162	518,928	835,851
Total assets		9,915,196	12,555,955	10,985,960	12,238,095	10,508,694
Current liabilities	Prior to distribution	3,573,694	6,905,165	5,462,528	6,058,063	3,151,643
	After distribution	3,741,413	7,118,090	5,510,497	6,540,039	3,248,038
Non-current liabilities		797,950	67,903	116,227	120,155	1,334,874
Total liabilities	Prior to distribution	4,371,644	6,973,068	5,578,755	6,178,218	4,486,517
	After distribution	4,539,363	7,185,993	5,626,724	6,660,194	4,582,912
Equity attributable to owners of the parent company		4,947,171	4,945,149	4,696,622	5,293,792	4,919,502
Capital		3,289,862	3,289,862	3,289,862	3,213,172	3,213,172
Capital surplus	Prior to distribution	1,401,968	1,326,737	1,236,008	1,114,994	1,185,304
	After distribution	1,312,633	1,218,345	1,123,318	1,114,994	1,126,812
Retained earnings	Prior to distribution	505,757	618,048	476,705	856,534	379,437
	After distribution	338,038	405,123	428,736	374,558	341,534
Other equity interests		(89,974)	(129,056)	(145,511)	109,092	141,589
Treasury stock		(160,442)	(160,442)	(160,442)	-	-
Non-controlling interest		596,381	637,738	710,583	766,085	1,102,675
Total equity	Prior to distribution	5,543,552	5,582,887	5,407,205	6,059,877	6,022,177
	After distribution	5,375,833	5,369,962	5,359,236	5,577,901	5,925,782

Note 1: The financial information of the most recent five annual periods have been verified by CPAs. No financial information for 2024 that was verified by CPAs as of the printing date of this Annual Report.

Condensed Statement of Comprehensive Income

Unit: NT$ (thousand)

Item / Year	Financial Analysis of the most recent year (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	10,325,500	10,278,461	9,681,546	12,318,229	9,403,662
Operating margin	2,084,765	2,152,500	1,964,120	2,711,167	2,028,151
Net operating income	480,552	446,832	296,092	797,197	257,922
Non-operating income and expenses	(74,314)	21,553	12,378	(65,542)	(69,208)
Net profit before tax	406,238	468,385	308,470	731,655	188,714
Net income from continuing operations	350,343	402,659	221,384	607,936	163,814
Net loss from discounting operations	-	-	-	-	-
Net income (loss)	350,343	402,659	221,384	607,936	163,814
Other comprehensive income recognized for the period (Profit after tax)	(30,520)	(39,074)	(16,377)	255,298	32,497
Total comprehensive income of the current period	319,823	363,585	205,007	863,234	196,311
Net income attributes to shareholders of the parent	219,959	280,010	71,582	482,193	4,879
Net profit attributable to non-controlling interest	130,384	122,649	149,802	125,743	158,935
Comprehensive income attributed to owners of the parent	189,715	240,926	55,127	737,340	37,376
Comprehensive income attributed to non-controlling interests	130,108	122,659	149,880	125,894	158,935
Earnings per share (EPS)	0.98	0.87	0.22	1.50	0.02

Note 1:The financial information of the most recent five annual periods have been verified by CPAs. No financial information for 2024 that was verified by CPAs as of the printing date of this Annual Report.

(II) Concise Balance Sheet and Comprehensive Income Statement (Standalone) - Based on IFRS

Concise Balance Sheet

Unit: NT$ (thousand)

Item \ Year		Financial Analysis of the most recent year (Note 1)				
		2019	2020	2021	2022	2023
Current assets		5,196,479	6,558,930	4,998,492	5,833,099	3,579,000
Property, plant and equipment		236,925	225,461	219,442	203,902	184,199
Intangible assets		44,418	29,896	20,896	78,587	86,787
Other assets		1,645,550	1,925,440	2,942,344	4,073,379	4,314,457
Total assets		7,123,372	8,739,727	8,181,174	10,188,967	8,164,443
Current liabilities	Prior to distribution	1,934,973	3,765,943	3,456,699	4,853,395	2,331,983
	After distribution	2,102,692	3,978,868	3,504,668	5,335,371	2,428,378
Non-current liabilities		241,228	28,635	27,853	41,780	912,958
Total liabilities	Prior to distribution	2,176,201	3,794,578	3,484,552	4,895,175	3,244,941
	After distribution	2,343,920	4,007,503	3,532,521	5,377,151	3,341,336
Equity attributable to owners of the parent company		4,947,171	4,945,149	4,696,622	5,293,792	4,919,502
Capital		3,289,862	3,289,862	3,289,862	3,213,172	3,213,172
Capital surplus	Prior to distribution	1,401,968	1,326,737	1,236,008	1,114,994	1,185,304
	After distribution	1,312,633	1,218,345	1,123,318	1,114,994	1,126,812
Retained earnings	Prior to distribution	505,757	618,048	476,705	856,534	379,437
	After distribution	338,038	405,123	428,736	374,558	341,534
Other equity interests		(89,974)	(129,056)	(145,511)	109,092	141,589
Treasury stock		(160,442)	(160,442)	(160,442)	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Prior to distribution	4,947,171	4,945,149	4,696,622	5,293,792	4,919,502
	After distribution	4,779,452	4,732,224	4,648,653	4,811,816	4,823,107

Note 1: The financial information of the most recent five annual periods have been verified by CPAs. No financial information for 2024 that was verified by CPAs as of the printing date of this Annual Report.

Condensed Statement of Comprehensive Income

Unit: NT$ (thousand)

Item \ Year	Financial Analysis of the most recent year (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	7,504,329	8,526,047	7,243,067	9,947,772	6,214,423
Operating margin	677,605	782,230	555,013	464,063	271,108
Net operating income	89,983	115,946	(106,562)	(621,063)	(424,122)
Non-operating income and expenses	123,108	191,990	171,863	1,069,610	442,226
Net profit before tax	213,091	307,936	65,301	448,547	18,104
Net income from continuing operations	219,959	280,010	71,582	482,193	4,879
Net loss from discounting operations	-	-	-	-	-
Net income (loss)	219,959	280,010	71,582	482,193	4,879
Other comprehensive income recognized for the period (Profit after tax)	(30,244)	(39,083)	(16,455)	255,148	32,497
Total comprehensive income of the current period	189,715	240,927	55,127	737,341	37,376
Net income attributes to shareholders of the parent	219,959	280,010	71,582	482,193	4,879
Net profit attributable to non-controlling interest	-	-	-	-	-
Comprehensive income attributed to owners of the parent	189,715	240,927	55,127	737,341	37,376
Comprehensive income attributed to non-controlling interests	-	-	-	-	-
Earnings per share (EPS)	0.98	0.87	0.22	1.50	0.02

Note 1:The financial information of the most recent five annual periods have been verified by CPAs. No financial information for 2024 that was verified by CPAs as of the printing date of this Annual Report.

(V) The names of CPA and their opinions for the most recent five years.

Year	2019	2020	2021	2022	2023
The accounting firm	BDO	BDO	BDO	BDO	KPMG
CPA	Ke-Yi Liu	Ke-Yi Liu	Kun- His Hsu	Kun- His Hsu	Hai-Ning Huang
	Kun- His Hsu	Kun- His Hsu	Shu-Chen Chang	Shu-Chen Chang	Wei-Ming Shih
Opinion and content	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion

II. Financial Information for the Most Recent Five Years

(I) Financial analysis (consolidated) - IFRS

Analyzed Item / Year		2019	2020	2021	2022	2023
		Financial Analysis within 5 years				
Financial structure (%)	Total liabilities to total assets	44.09	55.54	50.78	50.48	42.69
	Long-term capital to PP&E	572.23	301.21	33	300.14	396.43
Debt-paying ability (%)	Current ratio	231.01	146.40	158.43	157.85	244.82
	Quick ratio	171.54	91.59	92.93	91.29	137.02
	Interest protection multiples	6.48	14.61	10.83	11.73	2.95
Operating performance	Accounts receivable turnover (times)	6.03	5.72	4.80	5.64	4.24
	Average collection days	60.53	63.81	76.04	64.72	86.08
	Inventory turnover (times)	3.14	3.15	2.16	2.60	2.03
	Accounts payable turnover (times)	3.92	4.66	4.66	5.10	3.47
	Average inventory turnover days	116.24	115.87	168.98	140.38	179.80
	Property, plant and equipment turnover (times)	9.99	6.89	5.29	6.41	4.80
	Total Assets Turnover (times)	1.04	0.91	0.82	1.06	0.83
Profitability	ROA (%)	4.12	3.83	2.09	5.71	2.12
	ROE (%)	5.30	5.66	1.48	9.65	0.10
	Pre-tax profit to paid-in capital (%)	12.35	14.24	9.38	22.77	5.87
	Net profit margin (%)	3.39	3.92	2.29	4.94	1.74
	Earnings per share (NT$)	0.98	0.87	0.22	1.50	0.02
Cash Flow Analysis	Cash flow ratio (%)	47.57	(6.56)	(4.84)	13.75	15.91
	Cash flow adequacy (%)	100.69	36.54	16.53	11.85	42.27
	Cash flow reinvestment ratio (%)	22.69	0.00	0.00	10.36	0.26
Leverage	Operating leverage	6.12	6.50	8.92	4.61	9.86
	Financial leverage	1.18	1.08	1.12	1.09	1.60

Reasons for all financial ratio fluctuations within the most recent two years.

1. The increase in long-term capital to property, plant, and equipment is mainly due to the borrowing of long-term loans and the issuance of corporate bonds in the current period.
2. The increase in current ratio and quick ratio is mainly due to the continuous reduction of inventory, resulting in a decrease in accounts payable.
3. The decrease in interest coverage ratio is mainly due to the decrease in customers' need for inventory disposal, resulting in a decrease in revenue and profit.
4. The decrease in operating turnover is mainly due to the decrease in customers' need for inventory disposal, resulting in a decrease in operating revenue and cost of sales.
5. The decrease in profitability ratios is mainly due to the decrease in customers' need for inventory disposal, resulting in a decrease in operating revenue and cost of sales.
6. The increase in cash flow adequacy ratio is mainly due to the increase in net inflow from operating activities and the decrease in cash outflow from inventories due to the sale of inventories.
7. The decrease in cash reinvestment ratio is mainly due to the increase in the amount of cash dividends paid in the current period compared to the previous period.
8. The increase in operational and financial leverage is mainly due to the decrease in customers' need for inventory disposal, resulting in a decrease in revenue and profit.

(II) Financial Analysis (Standalone) - IFRS

Analyzed Item / Year		2019	2020	2021	2022	2023
		Financial Analysis within 5 years				
Financial structure (%)	Total liabilities to total assets	30.55	43.42	42.59	48.04	39.74
	Long-term capital to PP&E	2,189	2,206	2,153	2,617	3,166
Debt-paying ability (%)	Current ratio	268.56	174.16	144.60	120.19	153.47
	Quick ratio	248.47	168.47	142.49	116.68	143.50
	Interest protection multiples	8.67	20.60	5.47	11.61	1.37
Operating performance	Accounts receivable turnover (times)	21.81	23.94	13.16	11.01	7.82
	Average collection days	16.74	15.25	27.74	33.15	46.68
	Inventory turnover (times)	12.15	28.34	57.89	123.36	41.43
	Accounts payable turnover (times)	3.48	5.47	5.14	4.56	2.22
	Average inventory turnover days	30.04	12.88	6.31	2.96	8.81
	Property, plant and equipment turnover (times)	32.24	36.88	32.56	47.00	32.02
	Total Assets Turnover (times)	1.04	1.07	0.86	1.08	0.68
Profitability	ROA (%)	3.35	3.69	0.98	5.62	0.49
	ROE (%)	5.30	5.66	1.48	9.65	0.10
	Pre-tax profit to paid-in capital (%)	6.48	9.36	1.98	13.96	0.56
	Net profit margin (%)	2.93	3.28	0.99	4.85	0.08
	Earnings per share (NT$)	0.98	0.87	0.22	1.50	0.02
Cash Flow Analysis	Cash flow ratio (%)	6.02	(11.03)	(12.17)	21.69	4.45
	Cash flow adequacy (%)	30.24	(8.33)	(18.75)	11.42	25.00
	Cash flow reinvestment ratio (%)	(1.20)	(13.14)	(15.23)	16.53	(6.58)
Leverage	Operating leverage	21.48	19.44	(16.42)	(3.49)	(2.80)
	Financial leverage	1.45	1.16	0.88	0.94	0.90

Reasons for all financial ratio fluctuations within the most recent two years.

1. The increase in long-term capital to property, plant, and equipment is mainly due to the borrowing of long-term loans and the issuance of corporate bonds in the current period.
2. The increase in current ratio and quick ratio is mainly due to the continuous reduction of inventory, resulting in a decrease in accounts payable.
3. The decrease in interest coverage ratio is mainly due to the decrease in customers' need for inventory disposal, resulting in a decrease in revenue and profit.
4. The decrease in operating turnover is mainly due to the decrease in customers' need for inventory disposal, resulting in a decrease in operating revenue and cost of sales.
5. The decrease in profitability ratios is mainly due to the decrease in customers' need for inventory disposal, resulting in a decrease in operating revenue and cost of sales.
6. The increase in cash flow adequacy ratio is mainly due to the increase in net inflow from operating activities and the decrease in cash outflow from inventories due to the sale of inventories.
7. The decrease in cash reinvestment ratio is mainly due to the increase in the amount of cash dividends paid in the current period compared to the previous period.
8. The increase in operational leverage is mainly due to the decrease in customers' need for inventory disposal, resulting in a decrease in revenue and profit.

Note 1: The financial information above has been audited by CPAs.

Note 2: The calculation formulae of the ratios are listed at the end of the table:

1. Financial Structure
   (1) Total liabilities to total assets = Total liabilities / Total assets
   (2) Long-term capital to PP&E = (Total equity + Non-current liabilities) / Net property, plant and equipment
2. Debt-paying ability
   (1) Current ratio = Current Assets / Current liability
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liability
   (3) Interest protection multiple = Net income before income tax and interest expense / Interest expense
3. Operating performance
   (1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance
   (2) Average collection days = 365 / account receivable turnover
   (3) Inventory turnover = Cost of goods sold / Average inventory
   (4) Account payable (including account payable and notes payable from operation) turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance
   (5) Average inventory turnover days = 365 / Inventory turnover
   (6) Property, plant and equipment turnover = Net sales / Net property, plant and equipment
   (7) Total assets turnover = Net sales / Total assets
4. Profitability
   (1) ROA = [PAT + Interest expense × (1 - Interest rate)] / Average total assets
   (2) ROE = PAT / Average net equity
   (3) Net income ratio = PAT / Net sales
   (4) EPS = (PAT - Dividend from preferred shares) / Weighted average outstanding shares (Note 4)
5. Cash Flow Analysis
   (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
   (2) Cash flow adequacy ratio = Most recent five years cash flow from operating activities / Most recent five years (Capital expenditure + Increase of inventory + Cash dividend)
   (3) Cash investment ratio = (Cash flow from operating activities - cash dividend) / (Gross fixed assets in property, plant and equipment + Long-term investment + Other assets + Working capital) (Note 5)
6. Leverage
   (1) Operating leverage = (Net revenue - Variable cost of goods sold and operating expense) / Operating income (Note 6)
   (2) Financial leverage = Operating income / (Operating income - Interest expenses)

Note 3: For the calculation formula of EPS above, the following should be noted:

1. Based on weighted average common shares, not outstanding shares as at year-end.
2. For transactions of capital increase by cash and treasury stock, weighted average outstanding shares should be used for computation during the circulation period.
3. If there is capital increase by retained earnings or capital reserve, when computing previous year or half-yearly EPS, the retrospective adjustment should be made according to capital increase ratio. The issuance period of the capital increase need not be taken into consideration.
4. If the preferred shares are unconvertible cumulative preferred shares, the dividend of the year (disbursed or otherwise) should be deducted from net profit after tax, or added to a net loss after tax. If the preferred shares are non-cumulative preferred shares, when there is a net profit after tax, the dividend of preferred shares should be deducted from net profit after tax; if there is a net loss after tax, no adjustment is required.

Note 4: For cash flow analysis, the following should be noted:

1. Net cash flow from operating activities is net cash flow from operating activities in Cash Flow Analysis.
2 Capital expenditure refers to cash outflow for capital expenditure every year.
3. Inventory increase is only accounted for if the ending balance is greater than the beginning balance. If the ending balance decreases, the inventory increase amounts to 0.
4. Cash dividends include cash dividends for ordinary and preferred shares.
5. Property, plant, and equipment refer to property, plant, and equipment before depreciation.

Note 5: The issuer should distinguish the various cost of goods sold and operating expense items as fixed or variable. If the estimation of subjective judgment is involved, consistency must be observed.

Note 6: For the Company shares without a face value or with a face value that is not equivalent to NT$10 per share, the aforementioned equations that involve dividing by paid-in capital should be amended to dividing by equity attributable to parent company shareholders.

III. Audit Report Issued by the Audit Committee for the Most Recent Financial Statements

Audit Committee's Review Report

The Board of Directors has prepared the Company's Business Report, Financial Statements and Earnings Distribution Proposal for the year of 2023. Hai-Ning Huang and Wei-Ming Shih Certified Public Accountants of KPMG, have audited the Financial Statements. The 2023 Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Hitron Technologies Inc. I, as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

2024 Annual General Shareholder's Meeting

Chairman of the Audit Committee: Lo-Min Chen

February 26, 2024

IV. Financial report for the most recent fiscal year: Please refer to Appendix 1.

V. Parent only financial statements audited by CPAs: Please refer to Appendix 2.

VI. Any financial difficulties experienced by the Company and its affiliate businesses during the most recent year up to the publication date of this report need to be stated as well as the impact on the Company's financial position need to be outlined: None.

Seven. Review and Analysis of Financial Position and Financial Performance, and Risk Management

I. Financial Position

Financial Position Analysis

Unit: NT$ (thousand)

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	7,715,903	9,562,665	(1,846,762)	(19.31)
non-current assets	2,792,791	2,675,430	117,361	4.39
Total assets	10,508,694	12,238,095	(1,729,401)	(14.13)
Current liabilities (Note1)	3,151,643	6,058,063	(2,906,420)	(47.98)
Non-current liabilities (Note2)	1,334,874	120,155	1,214,719	1,010.96
Total liabilities	4,486,517	6,178,218	(1,691,701)	(27.38)
Share capital	3,213,172	3,213,172	-	-
Capital surplus	1,185,304	1,114,994	70,310	6.31
Retained earnings (Note3)	379,437	856,534	(477,097)	(55.70)
Other equity interests	141,589	109,092	32,497	29.79
Treasury stock	-	-	-	-
Total equity interest of parent company	4,919,502	5,293,792	(374,290)	(7.07)
Non-controlling interest (Note4)	1,102,675	766,085	336,590	43.94
Total equity	6,022,177	6,059,877	(37,700)	(0.62)

Fluctuation analysis:

Note 1: The decrease in current liabilities is mainly due to the decrease in short-term borrowings and accounts payable.

Note 2: The increase in non-current liabilities is mainly due to long-term borrowings and issuance of convertible bonds.

Note 3: The decrease in retained earnings is mainly due to the decrease in profits.

Note 4: The increase in non-controlling equity is mainly due to the conversion of convertible corporate bonds in the current period.

II. Financial Performance

Comparison analysis for operating performance

Unit: NT$ (thousand)

Items	2023	2022	Increase/ (decrease)	Change in %
Net operating revenue	9,403,662	12,318,229	(2,914,567)	(23.66)
Operating cost	7,375,511	9,607,062	(2,231,551)	(23.23)
Gross profit (Note1)	2,028,151	2,711,167	(683,016)	(25.19)
Operating expenses	1,770,229	1,913,970	(143,741)	(7.51)
Operating income (Note1)	257,922	797,197	(539,275)	(67.65)
Non-operating income and expenses	(69,208)	(65,542)	(3,666)	5.59
Net profit before tax (Note1)	188,714	731,655	(542,941)	(74.21)
Income taxes expenses (Note2)	24,900	123,719	(98,819)	(79.87)
Net income from continuing operations (Note1)	163,814	607,936	(444,122)	(73.05)

Analysis of fluctuation:

Note 1: The decrease in operating margin, operating profit, net profit before tax, and net profit of continuing operations in the current period is mainly due to the decrease of customer's need to eliminate inventory, resulting in lower revenue and profit.

Note 2: The decrease in income tax expenses is mainly due to the decrease in profit in the current period.

III. Cash Flow

(I) Change in consolidated cash flow in 2023

Unit: NT$ (thousand)

Cash balance at the beginning of 2023	2023 Net cash flow	Cash balance at the end of 2023
2,385,676	(405,039)	1,980,637

(II) Analysis of changes in consolidated cash flow in 2023

Unit: NT$ (thousand)

Item	2023	2022	Increase (decrease) amount	Change in proportion
Net cash flows provided by operating activities	501,425	832,960	(331,535)	(39.80)
Net cash flows used in investing activities	(59,310)	(68,109)	8,799	(12.92)
Net cash flows used in financing activities	(841,923)	(1,309,594)	467,671	(35.71)

1. The net cash inflow from operating activities was NT$501,425 thousand, mainly due to operating activities.
2. The net cash outflow from investing activities was NT$59,310 thousand, mainly due to the increase in capital expenditure.
3. The net cash outflow from financing activities was NT$841,923 thousand, which was mainly due to the repayment of short-term borrowings and the distribution of dividends.

(II) Liquidity improvement plan: The Company showed no signs of liquidity deficit.

(III) Analysis of cash liquidity in the coming year: The Company, on the premise of maintaining stable cash liquidity, will carefully plan and manage cash expenditures related to investments and operations while taking, cash balances on accounts, cash flows from operating activities and investing activities and the status of financial markets into consideration.

IV. Impacts of Major Capital Expenditures in the Most Recent Year to Financial Performance: None.

V. Causes of Profit or Loss Incurred on Investments in the Most Recent Year, and Any Improvements or Investments

The investment policy of the Company is mainly pertinent to the current basic business operation while searching for reinvestment on related businesses of the Company. Before making an investment, assessment in accordance with the “Procedures for Acquisition or Disposal of Assets” will be conducted.

VI. Risk Issues for the Most Recent Year until the Publication Date of the Annual Report

(I) The impact of interest rates, exchange rate changes, and inflation on the Company's profit and loss and future response measures for the most recent year and up to the publication date of the annual reports: The Company closely monitors the change in interest rates and undertakes the necessary measures to low the impact on the Company's profit and loss due to interest rate fluctuation.

1. Interest rates: The Company evaluates the bank loan interest rates regularly and maintain a good working relationship with the Bank to obtain favorable interest rates, so as to decrease the interest expense.
2. Exchange rates: The Company has established concrete strategies on forex maneuvering and strict procedures to monitor the fluctuation of forex rates.
3. Inflation: Due to the nature of the industry, inflation has little impact on the operation of the Company. However, the Company shall monitor the inflation rate from time to time.

(II) For the most recent year until the publication date of the annual report, policies on transactions involving high risks, highly leveraged investments, funds lending to others, endorsement or guarantee and derivatives, the main reasons for the profit or loss of these transactions and future countermeasures:

1. The Company concentrates on managing its own business and does not engage in highly risky and highly leveraged investments.
2. The Company conducts transactions in forward exchange contracts and swaps primarily to hedge the risk

arising from fluctuations in exchange rate of foreign-currency-denominated assets or liabilities. The Company uses derivative financial instruments that are highly negatively correlated with changes in the fair value of the hedged item as a hedging instrument, and carries out regular evaluation.

3. When the Company loans funds to others, provides endorsements/guarantees, or engages in derivative transactions, in addition to complying with the regulations of the competent authorities, regular filing and announcement are also performed.

(III) R&D expenses for future R&D projects and investment amount.

In 2024, the Company is planning to invest more than NT$ 0.532 billion in R&D expenditures. In the future, we will adjust our investment plans according to the global industry development trend and the actual operating conditions of the Company. Please reference “The development plan of new products and services” of “V. Operations Overview”.

(IV) Effects of and response to changes in local and foreign policies and regulations relating to corporate finance and sales:

The Company closely monitors the changes in local and foreign policies and regulations to fully grasp and respond to the changes in the market environment. For the most recent year until the publication date of the annual report, there has been no incident that impacts the corporate finance and sales of the Company.

(V) The impact of technological and industrial changes on the Company's financial business and the countermeasures

The Company is committed to comprehending the future trends and new technology and thus would continue to invest in high value-adding telecommunication products to create optimal profit and core competitive advantages, while maintaining control on inventories to minimize the impact of the Company’s finances. For control on cybersecurity, to implement internal control and policies on protecting cybersecurity, the Company has established IT safety protocols and preventive measures to regulate the information security. Further, the Board of Directors will receive reports regularly regarding cybersecurity issues. For the Company’s informatiion security management, please refer to the page 76 of this annual report.

(VI) Impact of change in the corporate image on crisis management, and countermeasures:

The business spirit of the Company is “Caring for humanity, leading with technologies”. The corporate image is fairly well and for the most recent year until the publication date of the annual report, no incident that giving rise to a change in corporate image and requiring crisis management has occurred.

(VII) Expected benefits from, risks relating to, and response to merger and acquisition plans: None.

(VIII) Expected benefits from, risks relating to, and response to factory expansion plans: None.

(IX) Risks relating to and responses to excessive concentration of purchasing sources and excessive customer concentration: None.

(X) Effects of, risks relating to, and response to large share transfers or changes in shareholdings by Directors, or Shareholders with shareholdings of over 10%: None.

(XI) Impact of changes in management on the Company and risks: None.

(XII) For litigation or non-litigation cases involving the Company, Directors, Supervisors, General Manager, actual persons in-charge or major Shareholders with a stake of 10% or more that have been concluded or are still pending, and have a material impact on the Shareholders’ interest or security prices, the disclosure should be made regarding the content of the disputes, the sum of penalty or claim, the commencement date of the suits, the parties involved and the status as of the publication date of the annual report: None.

(XIII) Other major risks and the countermeasures: None.

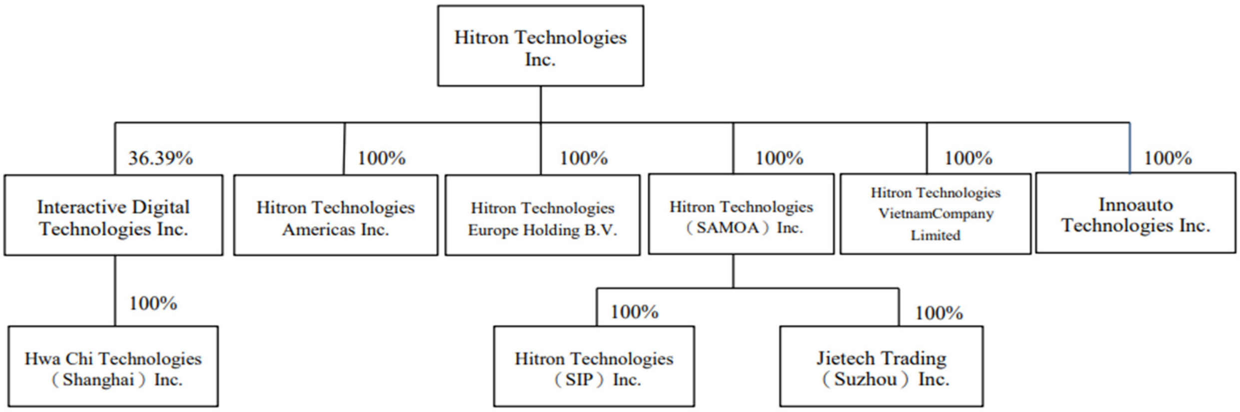
VII. Other Material matters: None.

Eight. Special Notes

I. Summary of Affiliated Companies

(I) Consolidated business reports with affiliated enterprises

1. Organizational chart of affiliated companies



2. Affiliated companies

December 31, 2023 Unit: Shares/%

Name of Company	Date of Establishment	Address	Paid-in-capital amount	Principle business
Interactive Digital International Co., Ltd.	May 14, 2003	No. 38-1, Wugong 5th Rd., Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	NTD458,991	Telecommunication and broadband internet service
Hitron Technologies (Samoa) Inc.	July 13, 2006	TrustNet Chambers, P.O.Box 1225,Apia,Samoa.	USD5,850	International trade
Hitron Technologies (SIP) Inc.	October 11, 2006	Room 1601, Building 2, No.88 Huachie Street, Suzhou Industrial Park	USD5,000	Manufacturing and selling products relating to broadband and telecommunications.
Huaqi Communication Equipment (Shanghai) Co., Ltd.	October 11, 2001	Room 384, 3rd Floor, No. 458 Fute North Road, Waigaoqiao Free Trade Zone, Shanghai	USD200	Technical consulting, research, maintenance and after-sales service for electronic communication
Jietech Trading (Suzhou) Company	July 20, 2010	Room 1601, Building 2, No.88 Huachie Street, Suzhou Industrial Park	USD850	Sales of broadband network products and related services
Hitron Technologies Europe Holding B.V.	July 1, 2011	Kingsfordweg 151,1043GR Amsterdam The Netherlands	EUR1,500	International trade
Hitron Technologies (Americas) Inc.	October 21, 2011	9000 E Nichols Ave Suite 103 Centennial, CO 80112, U.S.A.	USD3,000	International trade
InnoAuto Technologies Inc.	June 11, 2015	3F, No. 365, Sec. 2, Gongdao 5th Road, Hsinchu City	NTD20,000	General investment and automotive electronics products
Hitron Technologies Viet Nam company limited	May 24, 2019	No.15, Road No.17, VSIP Hai Phong, Thuy Trieu Commune, Thuy Nguyen District, Hai Phong City, Vietnam	USD52,500	Manufacturing and selling products relating to broadband and telecommunications.

3. Common Shareholders of the Company presumed to have a relationship of control and subordination: Not Applicable.

4. The industries covered by the business operated by affiliates:
The businesses operated by the company and its affiliates include research development, production, sales and related consulting services of communications and telecommunications products; and international trade business.

5. Directors, Supervisors and General Managers of Affiliated Companies

December 31, 2023; Unit: Shares

Name of Company	Title	Name or Representative	Shareholding	
			Number of shares	Percentage of shareholding
Interactive Digital Technologies Inc.	Chairman	Representative of Hitron Technologies Inc.: April Huang	16,702,600	36.39%
	Director	Representative of Hitron Technologies Inc.: Amy Liu		
	Director	Representative of Hitron Technologies Inc.: Patrick Chiu		
	Director	Representative of Calais Development Ltd.: Jung-Huang Wang		
	Independent Director	Hsiao-Chen Chuang		
	Independent Director	Chao-Fu Shih		
	Independent Director	Cing-Ying Wang		
	General Manager	Amy Liu		
Hitron Technologies (SAMOA) Inc.	Chairman	Representative of Hitron Technologies Inc.: Patrick Chiu	USD5,850,000 (Contribution amount)	100%
Hitron Technologies (SIP) Inc.	Chairman	Representative of Hitron Technologies (SAMOA) Inc.: Patrick Chiu	USD5,000,000 (Contribution amount)	100%
	Director	Representative of Hitron Technologies (SAMOA) Inc.: Elvis Hsiao		
	Director	Representative of Hitron Technologies (SAMOA) Inc.: Kevin liao		
	Supervisor	Representative of Hitron Technologies (SAMOA) Inc.: Allen Hsu		
	General Manager	Patrick Chiu		
Hitron Technologies Americas Inc.	General Manager	Representative of Hitron Technologies Inc.: Patrick Chiu	USD3,000,000 (Contribution amount)	100%
Hitron Technologies Europe Holding B.V.	Chairman	Representative of Hitron Technologies Inc.: Patrick Chiu	EUR1,500,000 (Contribution amount)	100%
Hitron Technologies Vietnam Company Limited	Chairman	Representative of Hitron Technologies Inc.: Patrick Chiu	USD52,500,000 (Contribution amount)	100%
Innoauto Technologies Inc.	Chairman	Representative of Hitron Technologies Inc.: April Huang	2,000,000	100%
	Director	Representative of Hitron Technologies Inc.: Elvis Hsiao		
	Director	Representative of Hitron Technologies Inc.: Patrick Chiu		
	Supervisor	Representative of Hitron Technologies Inc.: Allen Hsu		
Jietech Trading (Suzhou) Inc.	Chairman	Representative of Hitron Technologies (SAMOA) Inc.: Patrick Chiu	USD850,000 (Contribution amount)	100%
	Supervisor	Representative of Hitron Technologies (SAMOA) Inc.: Allen Hsu		
	General Manager	Patrick Chiu		
Hwa Chi Technologies (Shanghai) Inc.	Chairman	Representative of Interactive Digital Technologies Inc.: Amy Liu	USD200,000 (Contribution amount)	36.39%
	Supervisor	Representative of Interactive Digital Technologies Inc.: Jeffrey Lee		

6. Operational Highlights of Affiliated Companies

December 31, 2023, Unit: NT$ (thousand)

Name of Company	Paid-in-capital amount	Total assets	Total liabilities	Net value	Operating revenue	Operating income	Current profit (loss)	Earnings per share (EPS)
Interactive Digital Technologies Inc.	458,991	3,037,399	1,297,668	1,739,731	2,235,094	309,917	261,763	6.26
Hitron Technologies (SAMOA) Inc.	172,179	194,590	-	194,590	-	-	49,396	-
Hitron Technologies (SIP) Inc.	171,245	232,206	41,370	190,836	172,068	15,664	49,387	-
Hitron Technologies Americas Inc.	90,082	2,402,263	2,053,268	348,995	5,179,243	(108,595)	(82,795)	-
Hitron Technologies Europe Holding B.V.	59,604	185,119	110,374	74,745	383,240	(32,130)	(35,857)	-
Hitron Technologies Vietnam Company Limited	1,511,735	4,050,721	1,199,953	2,850,768	6,457,625	412,174	381,925	-
Innoauto Technologies Inc.	20,000	3,440	-	3,440	-	(26)	(4)	-
Jietech Trading (Suzhou) Inc.	31,139	3,670	-	3,670	-	(41)	(11)	-
Hwa Chi Technologies (Shanghai) Inc.	5,814	13,722	134	13,588	8,873	2,670	2,562	-

II. For the private placement of Securities in the most recent year until the publication date of the annual report, the date and amount approved by the Shareholders' and Board Meetings, basis and rationale of the price determined, selection method of the specific persons and reasons why the private placement was necessary, and the status of use of the capital raised through the private placement of common shares, the implementation progress of the plan: None.

III. For the Most Recent Year until the Publication Date of the Annual Report, the Shareholding or Disposal of Shares of the Company by Subsidiaries: None.

IV. Other supplementary information: None.

V. For the Most Recent Year until the Publication Date of the Annual Report, Matters Affecting Shareholders' Equity Stock Price as Prescribed in the Securities and Exchange Act, article 36 paragraph 3 subparagraph 2: None.

Appendix I

Representation Letter

The entities that are required to be included in the combined financial statements of Hitron Technologies Inc. and Subsidiaries as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 as endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Hitron Technologies Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Company name: Hitron Technologies Inc.
Chairman: Wen-Feng Huang
Date: February 26, 2024

Independent Auditors' Report

To the Board of Directors of Hitron Technologies Inc.:

Opinion

We have audited the consolidated financial statements of Hitron Technologies Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, December 31, 2023 and 2022, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Hitron Technologies Inc., and its subsidiaries as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (" IFRSs"), International Accounting Standards (" IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRJC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

   Please refer to note 4(14) and note 6(22) for accounting policy and detailed disclosure of revenue, respectively.

   In explanation of key audit matter:

   The Group is mainly engaged in the research, development, manufacturing and sale of network communication equipment, and its main products are cable modems and cable routers. When network communication products, such as modems and cable routers, depart from the shipping points, the customer has the right to use and price the goods. In addition to the primary responsibility for resale, the customer shall assume the risk of obsolescence of the goods. The Group's recognizes revenue and accounts receivable upon departure of the goods. Additionally, the Group's major subsidiaries are providers of system integration services in the fields of telecommunications, broadband networking, wireless transmission, digital media, cloud information, and geographic information. Revenue recognition often requires management' s assessment on an individual basis, so as to determine an appropriate timing for each recognition. Therefore, we considered the appropriateness of the timing of revenue recognition to be one of the key audit matters.

   How the matter was addressed in our audit:

   - understanding the Group's accounting policies on revenue recognition and comparing them with both the terms of sales and the criteria for revenue recognition, so as to assess the appropriateness of the policies adopted;
   - field observation of the design of the internal control system for sales revenue, as well as test of the effectiveness of execution on a sample basis
   - sampling individual revenue transaction and comparing them with sales contracts, customer orders, as well as vouchers for delivery, payment, installation and acceptance; and
   - sampling sales transactions during a period before and after the reporting date to review the sales terms, delivery documents and customer confirmation documents, so as to assess sales transactions at year end or to identify whether the transfer of control of goods or services for the fulfillment of performance obligations was recognized in the appropriate period.

2. Inventory valuation

   Please refer to the note 4(8) for the accounting policy, note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and note 6(6) for summary of inventory.

   In explanation 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 Group 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 Group; evaluating whether the valuation of inventories was accounted for in accordance with the Group’s accounting policies; and assessing the historical reasonableness of the management's estimates on inventory provisions.

Other Matter

The consolidated financial statements of Hitron Technologies, Inc. and its subsidiaries as of and for year ended December 31, 2022 were audited by another auditor who issued an audit report with an unqualified opinion and other matters paragraphs on February 23, 2023.

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

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

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

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain soley responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

Hitron Technologies Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar)

Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
Current assets:				
Cash and cash equivalents (note 6(1))	$ 1,980,637	19	2,385,676	19
Current financial assets at fair value through profit or loss (note 6(2))	6,129	-	61,084	-
Current financial assets at amortised cost, net (note 6(4))	20,000	1	-	-
Accounts receivable and notes receivable, net (note 6(5))	1,857,299	18	2,524,928	21
Accounts receivable from related parties, net (notes 6(5) and 7)	3,540	-	765	-
Other receivables, net	328,066	3	460,618	4
Other receivables from related parties, net (note 7)	31,551	-	-	-
Current tax assets (note 6(19))	87,879	1	93,235	1
Inventories (note 6(6))	3,291,171	31	3,848,848	31
Other current assets (notes 6(11) and 8)	109,631	1	187,511	2
	7,715,903	74	9,562,665	78
Non-current assets:				
Non-current financial assets at amortised cost (note 6(4))	21,000	-	-	-
Non-current financial assets at fair value through other comprehensive income (note 6(3))	51,152	-	31,815	-
Property, plant and equipment (notes 6(8) and 7)	1,855,821	18	2,059,077	17
Right-of use assets (note 6(9))	267,113	3	186,866	2
Intangible assets (notes 6(10) and 7)	101,119	1	97,425	1
Deferred tax assets (note 6(19))	366,052	3	165,084	1
Other non-current assets (notes 6(11) and 8)	130,534	1	135,163	1
	2,792,791	26	2,675,430	22
Total assets	**$ 10,508,694**	**100**	**12,238,095**	**100**

Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
Current liabilities:				
Short-term borrowings (note 6(12))	$ 396,227	4	1,940,870	16
Current financial liabilities at fair value through profit or loss (note 6(2))	-	-	7,421	-
Current contract liabilities (note 6(22))	562,840	5	531,475	5
Accounts payable	1,544,021	15	2,558,762	21
Accounts payable to related parties (note 7)	31,647	-	112,984	1
Other payables (note 6(13))	404,262	4	591,259	5
Other payables to related parties (note 7)	934	-	5,165	-
Current tax liabilities (note 6(19))	82,885	1	155,901	1
Current provisions (note 6(17))	104,626	1	136,953	1
Current lease liabilities (note 6(16))	18,673	-	11,522	-
Other current liabilities	5,528	-	5,751	-
	3,151,643	30	6,058,063	50
Non-Current liabilities:				
Long-term borrowings (note 6(14))	700,000	7	-	-
Bonds payable (note 6(15))	264,612	3	-	-
Non-current provisions (note 6(17))	34,641	-	66,069	1
Deferred tax liabilities (note 6(19))	218,696	2	19,464	-
Non-current lease liabilities (note 6(16))	116,516	1	34,213	-
Other non-current liabilities	409	-	409	-
	1,334,874	13	120,155	1
Total liabilities	4,486,517	43	6,178,218	51
Equity (note 6(20))**:**				
Equity attributable to owners of parent company:				
Ordinary share capital	3,213,172	31	3,213,172	26
capital surplus	1,185,304	11	1,114,994	9
Retained earnings:				
Legal reserve	340,501	3	283,224	2
Special reserve	-	-	145,512	1
Unappropriated retained earnings	38,936	-	427,798	4
	379,437	3	856,534	7
Other equity interest	141,589	2	109,092	1
Total equity attributable to owners of parent company:	4,919,502	47	5,293,792	43
Non-controlling interests	1,102,675	10	766,085	6
Total equity	6,022,177	57	6,059,877	49
Total liabilities and equity	**$ 10,508,694**	**100**	**12,238,095**	**100**

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar, except for Earnings per share)

	For the years ended December 31,			
	2023		2022	
	Amount	%	Amount	%
Operating revenue (notes 6(22) and 7)	$ 9,403,662	100	12,318,229	100
Operating costs (notes 6(6), (18), (23) and 7)	7,375,511	78	9,607,062	78
Gross profit from operations	2,028,151	22	2,711,167	22
Operating expenses (notes 6(17), (22) and 7)**:**				
Selling expenses	768,746	8	706,690	6
Administrative expenses	514,344	5	650,184	5
Research and development expenses	510,404	5	534,967	4
Expected credit loss (gain) (note 6(5))	(23,265)	-	22,129	-
Total operating expenses	1,770,229	18	1,913,970	15
Net operating income	257,922	4	797,197	7
Non-operating income and expenses:				
Interest income (note 6(24))	28,623	-	18,697	-
Other income (note 6(25))	23,419	-	30,658	-
Other gains and losses, net (note 6(26))	(24,698)	-	(46,684)	-
Finance costs (note 6(27))	(96,552)	(1)	(68,213)	(1)
Total non-operating income and expenses	(69,208)	(1)	(65,542)	(1)
Profit before tax	188,714	3	731,655	6
Income tax expenses (note 6(19))	24,900	-	123,719	1
Profit	163,814	3	607,936	5
Other comprehensive income (loss):				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
Remeasurements of defined benefit plans	-	-	681	-
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	19,337	-	12,480	-
Other components of other comprehensive income that will not be reclassified to profit or loss	-	-	(136)	-
Total components of other comprehensive income that will not be reclassified to profit or loss	19,337	-	13,025	-
Components of other comprehensive income (loss) that are or may reclassified to profit or loss				
Exchange differences on translation of foreign financial statements	13,160	-	242,273	2
Total components of other comprehensive income that are or may reclassified to profit or loss	13,160	-	242,273	2
Other comprehensive income	32,497	-	255,298	2
Total comprehensive income	**$ 196,311**	**3**	**863,234**	**7**
Profit attributable to:				
Owners of parent company	$ 4,879	1	482,193	4
Non-controlling interests	158,935	2	125,743	1
	$ 163,814	**3**	**607,936**	**5**
Comprehensive income attributable to:				
Owners of parent company	$ 37,376	1	737,340	6
Non-controlling interests	158,935	2	125,894	1
	$ 196,311	**3**	**863,234**	**7**
Earnings per share (New Taiwan dollars) (note 6(27))				
Basic earnings per share	**$**	**0.02**		**1.50**
Diluted earnings per share	**$**	**0.02**		**1.49**

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar)

			Retained earnings				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) from financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	Total equity attributable to the owners of parent company	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 3,289,862	1,236,008	276,066	129,057	71,582	476,705	(148,998)	3,487	(145,511)	(160,442)	4,696,622	710,583	5,407,205
Profit	-	-	-	-	482,193	482,193	-	-	-	-	482,193	125,743	607,936
Other comprehensive income	-	-	-	-	545	545	242,123	12,480	254,603	-	255,148	151	255,299
Total comprehensive income	-	-	-	-	482,738	482,738	242,123	12,480	254,603	-	737,341	125,894	863,235
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	7,158	-	(7,158)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	16,455	(16,455)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(47,970)	(47,970)	-	-	-	-	(47,970)	-	(47,970)
Cash dividends from capital surplus	-	(112,690)	-	-	-	-	-	-	-	-	(112,690)	-	(112,690)
Treasury share retirement	(76,690)	(28,813)	-	-	(54,939)	(54,939)	-	-	-	160,442	-	-	-
Changes in ownership interests in subsidiaries	-	(13,496)	-	-	-	-	-	-	-	-	(13,496)	-	(13,496)
Changes in the investee's capital surplus	-	33,985	-	-	-	-	-	-	-	-	33,985	60,208	94,193
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(130,600)	(130,600)
Balance at December 31, 2022	3,213,172	1,114,994	283,224	145,512	427,798	856,534	93,125	15,967	109,092	-	5,293,792	766,085	6,059,877
Profit	-	-	-	-	4,879	4,879	-	-	-	-	4,879	158,935	163,814
Other comprehensive income	-	-	-	-	-	-	13,160	19,337	32,497	-	32,497	-	32,497
Total comprehensive income	-	-	-	-	4,879	4,879	13,160	19,337	32,497	-	37,376	158,935	196,311
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	57,277	-	(57,277)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(145,512)	145,512	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(481,976)	(481,976)	-	-	-	-	(481,976)	-	(481,976)
Distribution cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(127,622)	(127,622)
Subsidiary issued convertible bonds	-	26,396	-	-	-	-	-	-	-	-	26,396	37,225	63,621
Changes in cnversion of convertible bonds in subsidiaries	-	43,914	-	-	-	-	-	-	-	-	43,914	268,052	311,966
Balance at December 31, 2023	**$ 3,213,172**	**1,185,304**	**340,501**	**-**	**38,936**	**379,437**	**106,285**	**35,304**	**141,589**	**-**	**4,919,502**	**1,102,675**	**6,022,177**

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar)

	For the years ended December 31,	
	2023	2022
Cash flows from operating activities:		
Profit before tax	$ 188,714	731,655
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	255,695	243,483
Amortization expense	37,940	31,397
Expected credit (gain) loss	(23,265)	22,129
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(6,324)	8,552
Finance costs	96,552	68,213
Interest income	(28,623)	(18,697)
Dividend income	(2,005)	(6,391)
(Gain) loss on disposal of property, plant and equipment	(2,114)	26
Loss on disposal of investment properties	-	152
Provisions for inventory obsolescence and devaluation loss	13,483	67,691
Total adjustments to reconcile profit	341,339	416,555
Changes in operating assets and liabilities:		
Accounts receivables and notes receivable	693,049	(749,935)
Accounts receivables from related parties	(2,775)	(744)
Other receivables	133,717	(456,984)
Other receivables from related parties	(31,551)	-
Inventories	570,658	(462,634)
Other operating assets	75,713	(59,458)
Contract liabilities	31,365	(90,852)
Accounts payables	(1,014,741)	1,520,945
Accounts payables to related parties	(81,337)	55,502
Other payables	(181,544)	82,913
Other payables to related parties	(4,231)	(876)
Provisions	(64,044)	33,267
Other current liabilities	(223)	(89)
Net defined benefit liability	-	545
Total changes in operating assets and liabilities	124,056	(128,400)
Total adjustments	465,395	288,155

(Continued)

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar)

	For the years ended December 31,	
	2023	2022
Cash flows generated from operations	654,109	1,019,810
Interest received	27,458	23,183
Dividends received	2,005	6,391
Interest paid	(84,941)	(60,404)
Income taxes paid	(97,206)	(156,020)
Net cash flows from operating activities	501,425	832,960
Cash flows from investing activities:		
Repayments of financial assets at amortized cost	-	371,960
Acquisition of financial assets at amortised cost	(41,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss	56,025	1,748
Acquisition of property, plant and equipment	(70,852)	(397,464)
Proceeds from disposal of property, plant and equipment	51,097	48
Refundable deposits	(11,508)	(2,706)
Acquisition of intangible assets	(24,021)	(94,083)
Other non-current assets	(19,051)	52,388
Net cash flows used in investing activities	(59,310)	(68,109)
Cash flows from financing activities:		
Repayments of short-term borrowings	(1,548,502)	(613,842)
Increase in long-term borrowings	700,000	-
Proceeds from bonds payable	631,884	-
Repayments of bonds payable	-	(372,300)
Increase in guarantee deposits received	-	169
Payments of lease liabilities	(15,707)	(17,384)
Cash dividends paid distributed to shareholders	(481,976)	(160,659)
Change in non-controlling interests	(127,622)	(145,578)
Net cash flows used in financing activities	(841,923)	(1,309,594)
Effect of exchange rate changes on cash and cash equivalents	(5,231)	127,071
Net decrease in cash and cash equivalents	(405,039)	(417,672)
Cash and cash equivalents at beginning of period	2,385,676	2,803,348
Cash and cash equivalents at end of period	$ **1,980,637**	**2,385,676**

See accompanying notes to consolidated financial statements.

1. Company history

HITRON TECHNOLOGIES INC. (the "Company") was incorporated on March 24, 1986 as a company limited by shares under the Company Act of the Republic of China (ROC). The Company and its subsidiaries (hereinafter referred to as the "Group") are mainly engaged in system integration for communication products as well as the production and sale of telecommunication products. Qisda Corporation ("Qisda") is the ultimate parent of the Company.

2. Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on February 26, 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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated 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 Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated 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"

(Continued)

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

The Group 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 consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- 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 consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the " Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as "the Regulations") and the IFRS, IAS, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to as the IFRSs endorsed by FSC).

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the consolidated 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 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 Group is determined based on the primary economic environment in which the entity operates. The consolidated 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.

(Continued)

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. All inter-company transactions, balance, and any unrealized income and expenses are eliminated in the consolidated financial statements. Total comprehensive income (loss) in a subsidiary is allocated to the shareholders of the Company and the non-controlling interests. Even if this results in the non-controlling interests having a deficit balance.

Subsidiaries’ financial statements are adjusted to align the accounting policies with those of the Company.

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

B. List of subsidiaries in the consolidated financial statements was as follow:

			Shareholding	
Name of Investor	**Name of Subsidiary**	**Main Activities**	**December 31, 2023**	**December 31, 2022**
the Company	Hitron Technologies (Samoa) Inc. (Hitron Samoa)	International trade	100.00%	100.00%
the Company	Interactive Digital Technologies Inc. (Interactive Digital) (note1, 4)	Telecommunication and broadband network system services	36.39%	41.49%
the Company	Hitron Technologies Europe Holding B.V. (Hitron Europe)	International trade	100.00%	100.00%
the Company	Hitront Technologies (America) Inc. (Hitron America)	International trade	100.00%	100.00%
the Company	Innoauto Technologies Inc. (Innoauto Technologies)	Investment and automotive electronics products	100.00%	100.00%
the Company	Hitron Technologies (Vietnam) Inc. (Hitron Vietnam)	Production and sale of broadband telecommunication products	100.00%	100.00%
Hitron Technologies (Samoa)	Hitron Technologies (SIP) Inc. (Hitron Suzhou)	Production and sale of broadband telecommunication products	100.00%	100.00%

(Continued)

			Shareholding	
Name of Investor	**Name of Subsidiary**	**Main Activities**	**December 31, 2023**	**December 31, 2022**
Hitron Technologies (Samoa)	Jietech Trading (Suzhou) Inc. (Jietech Suzhou)	Sale of broadband network products and related services	100.00%	100.00%
IDT	Hwa Chi Technologies (Shanghai) Inc. (Hwa Chi Technologies)	Technical consultation on electronic communication, technology research and development, maintenance and after-sales service	100.00%	100.00%

Note 1: The shareholding of the Company decreased to 36.39% as a result of the conversion of convertible bonds issued by Interactive Digital into ordinary shares.

Note 2: The Group did not own more than half of the ownership of the entity. As the Group owns the power to control the managment and operating policies of the entity, the entity has been included in the Group's consolidated entities.

C. Subsidiaries excluded from the consolidated financial statements: None.

(4) Foreign currencies

A. Foreign currency transactions

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

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

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.

(Continued)

(5) 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 Group 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.

(6) 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 are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be classified as cash equivalents.

(7) Financial instruments

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

A. Financial assets

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

(Continued)

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 Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(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 Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

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

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established (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 Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

(Continued)

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECLs) 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 deposit paid and other financial assets) and contract assets.

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

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

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset is breached of contract when the financial asset is more than 360 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

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

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

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

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

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

(Continued)

- significant financial difficulty of the borrower or issuer;

- a breach of contract such as customer credit conditions default or overdue for more than the grace period for each category;

- For economic or contractual reasons relating to the borrower's financial difficulty, the Group granted to the borrower a concession that the Group would not otherwise consider;

- it is probable that the borrower will enter bankruptcy or other financial reorganization; or

- the disappearance of an active market for a security because of financial difficulties.

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

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’ s procedures for recovery of amounts due. Based on past experience, it will not be possible to recover the overdue amount from the company account after 360 days.

(e) Derecognition of financial assets

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

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

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.

(Continued)

(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) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital suplus is not sufficient to be written down).

(d) 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.

(e) Derecognition of financial liabilities

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

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

(f) Offsetting of financial assets and liabilities

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

C. Derivative financial instruments and hedge accounting

The Group 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.

(Continued)

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.

(8) Inventories

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

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

(9) Property, plant and equipment

A. Recognition and measurement

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

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

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

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 Group.

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	1~56 years
(b)	Machinery and equipment	1~10 years
(c)	Transportation facilities	1~10 years
(d)	Office and other facilities	1-10 years

(Continued)

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

(10) Lessee

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

A. As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

(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 Group'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

(Continued)

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

(e) there is any lease modification

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

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

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of Balance sheets.

The Group 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 Group 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 Group 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 Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(11) Intangible assets

A. Recognition and measurement

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

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

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

(Continued)

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 assets, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of 3 to 5 years of intangible assets from the date on which they are available for use.

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

(12) Impairment of non-financial assets

At each reporting date, the Group 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.

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.

(13) Provisions

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

(Continued)

A. Warranties

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.

B. Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(14) Revenue for contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group 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 Group's main types of revenue are explained below.

A. Sale of goods

The Group researches, develops, designs and manufactures wireless broadband network products. The Group recognizes revenue when control of the products has transferred. Transfer of control over the products means that the customer has full discretion over the products' distribution channels and prices, 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 Group has objective evidence that all criteria for acceptance have been satisfied.

The Group is obliged to provide refunds for defect wireless broadband products under the standard warranty terms and has recognized a provision for such warranty; please refer to note 6(17) for details.

B. Service revenue

The Company renders maintenance services during contract periods and recognizes revenue during the reporting period in which the services are rendered.

(Continued)

C. Project contracts for system development and integration

Revenue is recognized when the control over a product or a project system has been transferred to the customer. The transfer of control refers to the situation where the products or the project systems have been delivered to the customers, and there is no unfulfilled performance obligation which will affect customers' acceptance of the products. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Group has objective evidence that all criteria for acceptance have been met.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional. Advance receipts are recognized as contract liabilities. Subsequently, when performance obligations are met, they will be recognized as income. A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

D. Financing components

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

(15) Government grants

The Group recognizes an unconditional government grant related to research and development in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group 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.

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

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

(Continued)

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

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

C. Short-term employee benefits

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

(17) 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. 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 taxes payable or refundable is the best estimate measured using the statutory tax rate or substantively enacted on the reporting date.

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

A. Assets and liabilities that were not initially recognized in a business combination transaction, and, (1) affected neither accounting nor taxable profits (losses) and (2) did not result in an equal taxable amounts and deductible temporary difference at the time of transaction;

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

(Continued)

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, 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 Group has a legally 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 entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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; such reductions are reversed when the probability of future taxable profits improves.

(18) Earnings per share

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

(19) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(Continued)

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

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

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 to the carrying amounts of assets and liabilities within the next financial year is as follows:

(1) Revenue recognition

Revenues from sale of goods and rendering of services were recognized when the control over goods or services has been transferred to customers to satisfy performance obligations, and the criteria are described in note 4(14).

(2) Valuation of inventories

As inventories are stated at the lower of costs or net realizable values, the Group estimates net realizable values of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the costs 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 repaid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(6) for the valuation of inventory.

(3) Recognition and measurement of Provisions

Provision for warranty is estimated when product revenue is recognized. The estimate has been made based on the quantities within the warranty period, the historical and anticipated warranty claims rate associated with similar products and services, and the projected unit cost of maintenance. The Group regularly reviews the basis of the estimate and, if necessary, amends it as appropriate. There could be a significant impact on provision for warranty for any change in the basis of the estimate.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data. For the assumption adopted in fair value measurement, please refer to note 6(28) “Financial instruments”.

(Continued)

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 999	977
Checking and savings accounts	1,238,124	2,286,519
Time deposits	741,514	98,180
	$ 1,980,637	**2,385,676**

Please refer to note 6(28) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

As of December 31, 2023 and 2022, certificates of deposits with original maturities of more than 3 months, amounting to $41,000 thousand, $0 thousand respectively, were include in financial assets measured at amortized cost; please refer to note 6(4) for details.

(2) Financial assets and liabilities at fair value through profit or loss

	December 31, 2023	December 31, 2022
Current financial assets at FVTPL, mandatorily measured at fair value:		
Derivative instruments not used for hedging		
Forward exchange contracts	$ 140	5,320
Non-derivative financial instruments		
Listed shares	5,989	55,764
	$ 6,129	**61,084**

	December 31, 2023	December 31, 2022
Current financial liabilities at FVTPL, mandatorily measured at fair value:		
Derivative instruments not used for hedging		
Forward exchange contracts	**$ -**	**7,421**

(Continued)

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

	December 31, 2023			
	Notional amount (in thousands of NTD)		Currency	Maturity date
Forward exchange contracts	EUR	1,700	EUR to NTD	2024.03.27
Forward exchange contracts	USD	990	USD to RMB	2024.01.26~2024.02.27

	December 31, 2022			
	Notional amount (in thousands of NTD)		Currency	Maturity date
Forward exchange contracts	USD	5,076	USD to EUR	2022.01.16~2022.02.16
Forward exchange contracts	EUR	4,770	EUR to NTD	2022.01.11~2022.02.10
Forward exchange contracts	EUR	3,575	EUR to USD	2022.03.10~2022.03.24
Forward exchange contracts	USD	5,500	USD to NTD	2022.02.10~2022.03.10
Forward exchange contracts	USD	750	USD to RMB	2022.01.17~2022.02.24

(3) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity instruments at fair value through other comprehensive income:		
Domestic unlisted shares–CHAO LONG MOTOR PARTS CORP.	$ 51,152	31,815

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long term strategic purposes.

As of December 31, 2023 and 2022, the above-mentioned financial assets were not pledged as security.

(4) Current and non-current financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current:		
Time deposits	$ 20,000	-
Non-current:		
Time deposits	$ 21,000	-

(Continued)

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

On December 31, 2023, the interest rates of the Group's certificates of deposit ranged from 1.2% to 1.56%.

(5) Notes and accounts receivable, net (Including Related Parties)

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	$ 6,365	36,008
Accounts receivables – measured as amortized cost	1,864,901	2,523,390
Less: loss allowances	(10,427)	(33,705)
	$ 1,860,839	2,525,693

The Group 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 Group' s expected credit losses (ECLs) on notes and accounts receivable (including related parties) are analyzed as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,691,762	0.00%	-
Less than 90 days past due	161,631	4.54%	7,332
91 to 180 days past due	3,716	19.99%	743
More than 181 days past due	14,157	16.61%	2,352
	$ 1,871,266		10,427

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,991,424	0.00%	-
Less than 90 days past due	552,392	5.56%	30,711
91 to 180 days past due	15,582	19.21%	2,994
	$ 2,559,398		33,705

(Continued)

The movements in the loss allowance for notes and accounts receivable were as follows:

	For the years ended December 31, 2023	2022
Balance at January 1	$ 33,705	11,317
(Reversal of) impairment losses	(23,265)	22,129
Effect of exchange rate movements	(13)	259
Balance at December 31	**$ 10,427**	**33,705**

(6) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 1,115,707	787,673
Work in progress and semi-finished goods	115,552	171,392
Finished goods and merchandises	1,659,070	2,071,281
Inventory in transit	400,842	818,502
	$ 3,291,171	**3,848,848**

Components of operating costs were as below:

	For the years ended December 31, 2023	2022
Cost of goods sold	$ 7,362,028	9,539,371
Losses on inventory write-downs, obsolescence, and write-offs	13,483	67,691
Total	**$ 7,375,511**	**9,607,062**

As of December 31, 2023 and 2022, none of the Company’s inventories was pledged as security.

(7) Material non-controlling interests of subsidiaries

Subsidiaries’ non-controlling interests that were material to the Group were as follows:

		Percentage of non-controlling interests	
Name of subsidiary	**Main operation location / Registered country of the Company**	**December 31, 2023**	**December 31, 2022**
Interactive Digital Technologies Inc.	Taiwan	63.61%	58.51%

The following financial information regarding the aforementioned subsidiaries was prepared in accordance with IFRSs endorsed by the FSC without eliminating intra-group transactions.

(Continued)

Summarized financial information of IDT and its subsidiaries:

		December 31, 2023	December 31, 2022
Current assets	$	2,115,158	1,736,533
Non-current assets		922,375	895,888
Current liabilities		(996,651)	(1,246,980)
Non-current liabilities		(301,151)	(69,620)
Net assets	$	**1,739,731**	**1,315,821**
Non-controlling interests	$	**1,106,643**	**769,887**

		For the years ended December 31, 2023	2023
Operating revenue	$	**2,242,560**	**2,048,203**
Net profit	$	261,763	215,007
Other comprehensive income		(245)	185
Total comprehensive income	$	**261,518**	**215,192**
Total comprehensive income attributable to non-controlling interests	$	**156,172**	**124,177**
Net cash flows from operating activities	$	357,736	180,902
Net cash flows from investing activities		(53,491)	(287,144)
Net cash flows from financing activities		263,094	(478,099)
Effect of exchange rate changes on cash and cash equivalents		(239)	182
Increase (decrease) in cash and cash equivalents	$	**567,100**	**(584,159)**

(8) Property, plant and equipment

The movements in the costs, depreciation, and impairment losses in respect of the Group's property, plant and equipment were as follows:

		Land	Buildings	Machinery and equipment	Miscellaneous equipment	Total
Cost:						
Balance at January 1, 2023	$	641,026	1,269,545	709,821	227,468	2,847,860
Additions		-	9,300	31,975	29,577	70,852
Disposals		-	(4,622)	(93,411)	(22,357)	(120,390)
Effect of changes in foreign exchange rates and others		-	329	(2,840)	4,682	2,171
Balance at December 31, 2023	$	**641,026**	**1,274,552**	**645,545**	**239,370**	**2,800,493**

(Continued)

		Land	Buildings	Machinery and equipment	Miscellaneous equipment	Total
Balance at January 1, 2022	$	412,696	1,149,453	589,582	203,840	2,355,571
Additions		228,330	54,186	65,955	48,993	397,464
Disposals		-	(1,925)	(6,816)	(27,911)	(36,652)
Effect of changes in foreign exchange rates and others		-	67,831	61,100	2,546	131,477
Balance at December 31, 2022	$	**641,026**	**1,269,545**	**709,821**	**227,468**	**2,847,860**
Depreciation:						
Balance at January 1, 2023	$	8,984	357,325	278,715	143,759	788,783
Depreciation		-	70,847	104,294	53,929	229,070
Disposals		-	(4,622)	(44,645)	(22,140)	(71,407)
Effect of changes in foreign exchange rates and others		-	(1,522)	7,217	(7,469)	(1,774)
Balance at December 31, 2023	$	**8,984**	**422,028**	**345,581**	**168,079**	**944,672**
Balance at January 1, 2022	$	8,984	286,335	157,754	119,930	573,003
Depreciation		-	65,759	109,067	50,290	225,116
Disposals		-	(1,925)	(6,745)	(27,908)	(36,578)
Effects of changes in foreign exchange rates and others		-	7,156	18,639	1,447	27,242
Balance at December 31, 2022	$	**8,984**	**357,325**	**278,715**	**143,759**	**788,783**
Carrying amounts:						
Balance at December 31, 2023	$	**632,042**	**852,524**	**299,964**	**71,291**	**1,855,821**
Balance at January 1, 2022	$	**403,712**	**863,118**	**431,828**	**83,910**	**1,782,568**
Balance at December 31, 2022	$	**632,042**	**912,220**	**431,106**	**83,709**	**2,059,077**

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

(9) Right-of-use assets

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

		Land	Buildings	Transportation equipment	Miscellaneous equipment	Total
Cost:						
Balance at January 1, 2023	$	185,532	37,565	8,863	544	232,504
Additions		-	106,380	2,359	-	108,739
Disposals		-	(16,967)	(1,494)	(320)	(18,781)
Effect of changes in exchange rates and others		(444)	(727)	-	-	(1,171)
Balance at December 31, 2023	$	**185,088**	**126,251**	**9,728**	**224**	**321,291**

(Continued)

	Land	Buildings	Transportation equipment	Miscellaneous equipment	Total
Balance at January 1, 2022	$ 172,241	40,459	6,890	1,626	221,216
Additions	-	5,371	4,538	224	10,133
Disposals	-	(10,535)	(1,111)	-	(11,646)
Effect of changes in exchange rates and others	13,291	2,270	(1,454)	(1,306)	12,801
Balance at December 31, 2022	**$ 185,532**	**37,565**	**8,863**	**544**	**232,504**
Depreciation of right-of-use assets:					
Balance at January 1, 2023	$ 21,308	19,437	4,644	249	45,638
Depreciation	5,455	18,137	2,856	177	26,625
Disposals	-	(16,182)	(1,377)	(320)	(17,879)
Effects of changes in foreign exchange rates and others	(178)	(28)	-	-	(206)
Balance at December 31, 2023	**$ 26,585**	**21,364**	**6,123**	**106**	**54,178**
Balance at January 1, 2022	$ 14,968	19,639	4,421	1,147	40,175
Depreciation	5,307	9,848	2,788	424	18,367
Disposals	-	(10,535)	(1,111)	(205)	(11,851)
Effect of changes in exchange rates and others	1,033	485	(1,454)	(1,117)	(1,053)
Balance at December 31, 2022	**$ 21,308**	**19,437**	**4,644**	**249**	**45,638**
Carrying amount:					
Balance at December 31, 2023	**$ 158,503**	**104,887**	**3,605**	**118**	**267,113**
Balance at January 1, 2022	**$ 157,273**	**20,820**	**2,469**	**479**	**181,041**
Balance at December 31, 2022	**$ 164,224**	**18,128**	**4,219**	**295**	**186,866**

(10) Intangible asset

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2023 and 2022, were as follow:

	Software Cost	Other Intangible Assets	Total
Costs or deemed costs:			
Balance at January 1, 2023	$ 127,190	38,346	165,536
Additions	11,462	12,559	24,021
Disposals	(636)	-	(636)
Effects of changes in foreign exchange rates and others	3,832	13,593	17,425
Balance at December 31, 2023	**$ 141,848**	**64,498**	**206,346**

(Continued)

		Software Cost	Other Intangible Assets	Total
Balance at January 1, 2022	$	36,652	37,421	74,073
Additions		92,793	1,290	94,083
Disposals		(3,892)	(365)	(4,257)
Effects of changes in foreign exchange rates and others		1,637	-	1,637
Balance at December 31, 2022	$	**127,190**	**38,346**	**165,536**
Depreciation:				
Balance at January 1, 2023	$	36,879	31,232	68,111
Amortization		27,772	10,168	37,940
Disposals		(636)	-	(636)
Effects of changes in foreign exchange rates and others		(170)	(18)	(188)
Balance at December 31, 2023	$	**63,845**	**41,382**	**105,227**
Balance at January 1, 2022	$	18,515	21,800	40,315
Amortization		21,601	9,796	31,397
Disposals		(3,892)	(365)	(4,257)
Effects of changes in foreign exchange rates and others		655	1	656
Balance at December 31, 2022	$	**36,879**	**31,232**	**68,111**
Carrying amount				
Balance at December 31, 2023	$	**78,003**	**23,116**	**101,119**
Balance at January 1, 2022	$	**18,137**	**15,621**	**33,758**
Balance at December 31, 2022	$	**90,311**	**7,114**	**97,425**

A. Amortization expense

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

		For the years ended December 31,	
		2023	2022
Operating cost	$	2,399	1,524
Operating expense		35,541	29,873
	$	**37,940**	**31,397**

B. Collateral

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

(Continued)

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

The Group's other current assets and non-current assets were as follows:

	December 31, 2023	December 31, 2022
Guarantee deposits	$ 120,220	109,881
Business taxes refundable	31,981	33,459
Prepaid insurance premiums	14,603	14,606
Prepayments to suppliers	10,004	91,367
Restricted bank deposits (note 8)	2,382	2,382
Prepaid pension cost (note 6 (18))	2,307	1,463
Prepayments for equipment	1,012	17,119
Others	57,656	52,397
	$ 240,165	**322,674**
Other current assets	$ 109,631	187,511
Other non-current assets	130,534	135,163
	$ 240,165	**322,674**

(12) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	**$ 396,227**	**1,940,870**
Unused short-term credit lines	**$ 11,341,374**	**8,649,640**
Range of interest rates	**4.30%~ 6.33%**	**1.40%~ 5.10%**

(13) Other payables

	December 31, 2023	December 31, 2022
Payroll and bonus payable	$ 257,950	399,951
Business taxes payable	28,095	26,198
Payables on machinery and equipment	7,770	27,886
Others	110,447	137,224
	$ 404,262	**591,259**

(Continued)

(14) Long-term borrowings

	December 31, 2023				
	Currency	**Range of interest rates**	**Maturity year**		**Amount**
Unsecured bank loans	NTD	1.79050%	2025 (note 1)	$	300,000
	NTD	1.89617%	2026 (note 2)		400,000
Subtotal					700,000
Less: current portion					-
Total				$	**700,000**
Unused credit lines				$	**100,000**

Note 1: Subsequent installments are due every 6 months, with the principal repaid in 2 equal installments. The repayment deadline for the amounts drawn down should be no later than 2 years after the date of initial drawdown.

Note 2: The 1st principal repayment is due 2 years after the date of the 1st drawdown. Subsequent installments are due every 6 months. The principal shall be repaid in 3 equal installments. 20% of the outstanding principal shall be repaid in the lst and 2nd installments. The outstanding principal balance shall be repaid in full in the 3rd installment. Interest is charged on a monthly basis.

In 2023, long-term loan agreements were entered into with the Export-Import Bank of the Republic of China and KGI Bank. The financial commitments for the loan with KGI Bank were as follows (i.e., after the initial drawdown, the following financial ratios shall be maintained for the duration of the facility):

A. Current ratio (Current assets/current liabilities): Not lower than 100%.

B. Leverage Ratio (total liabilities/net value): should not exceed 150%.

C. (Cash and cash equivalents + annualized EBITDA)/(short-term borrowings + medium- and long-term borrowings due within 1 year) should not be less than 1.

Examined once every half year, the financial commitment ratios above are based on the consolidated annual and semi-annual financial statements audited or reviewed by independent auditors. Any breach of the above-mentioned financial commitments during the loan period will result in immediate and full settlement. As of the balance sheet date of this report, there was no risk of breach.

(Continued)

(15) Bonds payable

Secured and unsecured convertible bonds of Interactive Digital Technologies Inc., were as follows:

	December 31, 2023	December 31, 2022
Total convertible corporate bonds issued	$ 600,000	600,000
Balance of unamortized discount on bonds payable	(9,988)	-
Cumulative converted amount	(325,400)	(227,700)
Subtotal	264,612	372,300
Less: repayment at maturity	-	(372,300)
Closing balance of bonds payable	**$ 264,612**	**-**
Embedded derivatives without call and put provisions (included in other non-current assets)	**$ 55**	**-**
Components of equity – conversion option	**$ 29,117**	**-**

On October 24, 2022, the board of directors of Interactive Digital Technologies Inc., the Company's subsidiary, resolved to issue the 2nd domestic secured convertible bonds to enrich working capital, which was approved by the FSC on December 19, 2022. With a maturity of 3 years, the bond was issued on January 11, 2023 and will mature on January 11, 2026. The total par value was $600,000 thousand with a coupon rate of 0%. The conversion price was $60.7 per share. On July 23, 2023, Interactive Digital Technologies Inc. adjusted the conversion price of its corporate bonds from NTD60.7 to NTD56.7. Except in the cases of conversion of the bond into ordinary shares issued by Interactive Digital Technologies Inc. pursuant to Article 10 of the Regulations Governing the Issue of this Corporate Bond, or early redemption by Interactive Digital Technologies Inc. pursuant to Article 18, or cancellation by Interactive Digital Technologies Inc. through repurchase from the securities dealer, Interactive Digital Technologies Inc. shall make a repayment in the full amount of the bond’s par value in cash within 10 business days after the maturity date.

The convertible bond is guaranteed by First Commercial Bank Co., Ltd. The guarantee period extends from the date of full receipt of the bond amount to the date of full repayment. The guarantee covers the balance of the corporate bond and the burden subordinate to the primary liability.

The 1st unsecured conversion of the corporate bond matured on November 22, 2022. The conversion price at the time of issue was NTD78.5 per share, and the conversion price on December 31, 2022 was NTD61.2 per share.

As of December 31, 2022, the 1st convertible bond issued by Interactive Digital Technologies Inc., has been converted into 3,309 thousand ordinary shares, and the capital surplus arising from the conversion totaled $198,827 thousand.

As of December 31, 2023, the 2nd convertible bond issued by Interactive Digital Technologies Inc., has been converted into 5,646 thousand ordinary shares, and the capital surplus arising from the conversion totaled $290,158 thousand.

(Continued)

The other conditions for convertible bonds issued by Interactive Digital Technologies Inc. are as follows:

Method of repayment	Except in the cases of conversion of the bond into ordinary shares issued by the Company pursuant to Article 10 of the Regulations Governing the Issue of this Corporate Bond, or early redemption by the Company pursuant to Article 18, or cancellation by the Company through repurchase from the securities dealer, the Company shall make a repayment in the full amount of the par value of the bond in cash within 10 business days after the maturity date.
Repurchase method	1.If the closing price for the company exceeds 30% of the conversion price for 30 consecutive days for period 3 months after bond issuance until 40 days before maturity, the company will redeem the outstanding bonds on the face value. 2.After 3 months of the issue date, if the balance of the outstanding bond does not exceed 60 million NT dollars, then, the Company may redeem the outstanding portion at par value 40 days before the maturity date.
Conversion period	Three months after the issue date, bondholders may convert the bond into the Company’s ordinary shares by the maturity date.
Conversion price	The conversion price was $60.7 per share on the issue date. Since July 23, 2023, the conversion price has been adjusted from $60.7 to $56.7.

(16) Lease liabilities

	December 31, 2023	December 31, 2022
Current	$ 18,673	11,522
Non-current financial assets	$ 116,516	34,213

For the maturity analysis, please refer to note 6(28).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31, 2023	2022
Interest on lease liabilities	$ 5,709	1,071
Expenses relating to short-term leases and leases of low-value assets	$ 20,177	20,626

(Continued)

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	**$ 41,593**	**39,081**

The Group's leased assets comprise land, buildings and structures, transportation equipment and other equipment, and the lease contracts run for a period of 2 to 39 years. The lease contracts do not impose covenants, but leased assets may not be used as security for borrowings.

(17) Provisions

	Warranties	Onerous contracts	Total
Balance at January 1, 2023	$ 179,797	23,225	203,022
Provisions made during the year	56,618	-	56,618
Provisions used during the year	(108,669)	(11,993)	(120,662)
Effect of changes in foreign exchange rates	289	-	289
Balance at December 31, 2023	**$ 128,035**	**11,232**	**139,267**
Balance at January 1, 2022	$ 169,755	-	169,755
Provisions made during the year	116,198	23,225	139,423
Provisions used during the year	(107,323)	-	(107,323)
Effect of changes in foreign exchange rates	1,167	-	1,167
Balance at December 31, 2022	**$ 179,797**	**23,225**	**203,022**

The carrying amounts of the Group's provisions were as follows:

	December 31, 2023	December 31, 2022
Current	$ 104,626	136,953
Non-current	34,641	66,069
	$ 139,267	**203,022**

During 2023 and 2022, the provision for warranties relates mainly to sales of products and rendering of services. The provision was estimated based on historical warranty data associated with similar products and services. The Group expects the majority of the liability to occur over the next year.

Provisions for irrevocable onerous contracts entered into by the Group and its vendors are to provide for the present contractual obligations, namely the excess of expected inevitable costs of fulfilling the performance obligations to the expected economic benefits.

(Continued)

(18) Employee benefits

A. Defined benefit plans

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

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ (1,505)	(1,424)
Fair value of plan assets	3,812	3,733
Net defined benefit assets (note 6(11))	**$ 2,307**	**2,309**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. 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 Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

During January 2023, the Group applied to the competent authority for the suspension of contribution of pension reserve. As of the reporting date, the balance of the Group's labor pension reserve account with the Bank of Taiwan amounted to $3,812 thousand. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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

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

	For the years ended December 31,	
	2023	2022
Defined benefit obligations at January 1	$ (1,424)	(1,987)
Interest expenses	(21)	(18)
Remeasurements of net defined benefit liabilities (assets):		
- Actuarial gains (losses) arising from changes in financial assumptions	(46)	(76)
- Actuarial gains (losses) arising from experience adjustments	(14)	657
Defined benefit obligation as of December 31	**$ (1,505)**	**(1,424)**

(Continued)

(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 Group were as follows:

	For the years ended December 31,	
	2023	**2022**
Fair value of plan assets as of January 1	$ 3,733	3,437
Interest income	56	31
Remeasurements of the net defined benefit liabilities (asset):		
Return on plan assets	23	265
Fair value of plan assets as of December 31	**$ 3,812**	**3,733**

(d) Expenses recognized in profit or loss

For 2023 and 2022, the expenses (gains) recognized in profit (loss) were as follows:

	For the years ended December 31,	
	2023	**2022**
Net interest on net defined benefit liabilities	**$ (35)**	**(13)**
Research and development expenses	**$ (35)**	**(13)**
Return on plan assets	**$ 79**	**296**

(e) Actuarial assumptions

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

	December 31, 2023	December 31, 2022
Discount rate	1.30%	1.50%
Future salary growth rate	3.00%	3.00%

The weighted average duration of the defined benefit plans is for 15.6 years.

(Continued)

(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	$ (58)	60
Future salary growth rate	$ 55	(53)
December 31, 2022		
Discount rate	$ (58)	60
Future salary growth rate	$ 56	(54)

Assuming that all other assumptions remain constant, the above-mentioned sensitivity analysis focuses on the impact of a single assumption. In practice, many assumptions are correlated to each other. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

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

The Group's overseas subsidiaries implement defined contribution plans pursuant to local laws and regulations.

During 2023 and 2022, the pension expenses under the defined pension contribution plans amounted to $51,339 thousand and $46,358 thousand, respectively.

(19) Income taxes

The Group's income tax expenses (benefits) were as follows:

	2023	2022
Current tax expenses		
Current period	$ 52,669	136,718
Adjustment for prior periods	(26,033)	3,392
Investment tax credits	-	(379)
	26,636	139,731
Deferred tax expenses		
Origination and reversal of temporary differences	(1,736)	(16,012)
Income tax expense	$ **24,900**	**123,719**

(Continued)

For 2023 and 2022, the income tax expense (benefit) recognized in other comprehensive income were as follows:

	For the years ended December 31, 2023	2022
Components of other comprehensive income that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	$ -	(136)

Reconciliations of income tax and income before income tax for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31, 2023	2022
Profit before tax	$ 188,714	731,655
Income taxes at the Company's domestic tax rate	37,743	146,331
Effect of tax rates in foreign jurisdiction	(1,000)	75,185
Permanent difference	22,903	(84,798)
Changes in temporary differences	(1,736)	(16,012)
Overestimate (underestimate) for the prior periods	(26,033)	3,392
Others	(6,977)	(379)
Income tax expense	$ 24,900	123,719

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax asset

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

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 61,946	65,567

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2023, Hitron Technologies' unused tax losses for which no deferred tax assets were recognized and the expiry dates were as follows:

Year	Expiry year	Amount deductible
2023 (amount filed)	2033	$ 137,327

(Continued)

Innoauto Technologies Inc. unused tax losses for which no deferred tax assets were recognized and the expiry dates were as follows:

Year	Expiry year	Amount deductible
2015 (amount approved)	2025	$ 135
2016 (amount approved)	2026	30,969
2017 (amount approved)	2027	33,705
2018 (amount approved)	2028	32,045
2019 (amount approved)	2029	29,143
2020 (amount approved)	2030	33,260
2021 (amount approved)	2031	12,958
2022 (amount filed)	2032	188
Total		$ 172,403

(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	In profit or loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2022	In profit or loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2023
Unrealized foreign exchange losses	$ 4,264	4,701	-	-	8,965	3,003	-	-	11,968
Unrealized profit (loss) from sales	27,241	38,416	-	-	65,657	(13,335)	-	-	52,322
Provision for inventory devaluation	$ 4,536	1,832	-	-	6,368	5,863	-	-	12,231
Provisions	31,831	6,323	-	-	38,154	(10,266)	-	-	27,888
Investment tax credits	-	-	-	-	-	22,491	-	-	22,491
Tax losses carried forward	5,641	(5,641)	-	-	-	178,550	-	-	178,550
Losses on equity-accounted investments	3,200	(3,200)	-	-	-	3,312	-	-	3,312
Lease liabilities	-	-	-	-	-	27,377	-	-	27,377
Others	53,364	(7,424)	-	-	45,940	(16,027)	-	-	29,913
	$ 130,077	35,007	-	-	165,084	200,968	-	-	366,052

Deferred tax liabilities

	January 1, 2022	In profit or loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2022	In profit or loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2023
Unrealized foreign exchange gains	$ (3,961)	(13,767)	-	-	(17,728)	789	-	-	(16,939)
Repatriation of dividends from subsidiaries	-	-	-	-	-	(174,056)	-	-	(174,056)
Defined benefit plans	(1,600)	-	(136)	-	(1,736)	-	-	-	(1,736)
Right-of-use assets	-	-	-	-	-	(25,965)	-	-	(25,965)
	$ (5,561)	(13,767)	(136)	-	(19,464)	(199,232)	-	-	(218,696)

(Continued)

As of December 31, 2023, the Company's income tax returns for the years up to 2021were assessed by the Tax Administration.

(20) Capital and other equity

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

	Ordinary share capital	
	2023	**2022**
Balance on January 1	321,317	328,986
Less: treasury shares canceled	-	(7,669)
Balance on December 31	**321,317**	**321,317**

A. Issue of ordinary shares

As of December 31, 2023 and 2022, the Company's authorized share capital amounted to $4,000,000 thousand (including $30,000 thousand reserved for employee stock option plan and conversion of convertible bond into shares); the issued capital amounted to $3,213,172 thousand during both years.

On December 19, 2018, a resolution to issue shares by way of private placement to increase capital was passed in a temporary meeting of the Company's shareholders. On December 12, 2019, the Board of Directors resolved to issue 100,000 thousand shares through a private placement for a subscription price of $16.11 per share, and the proceeds totaled $1,611,000 thousand in cash. According to the Securities and Exchange Act, the transfer of such privately placed ordinary shares within three years from the delivery date is forbidden. Three years after delivery, such shares may apply for listing only after public offering. Except for that, such shares are the same as other ordinary shares that have been issued. Public issuance has been applied for the aforesaid transactions to the competent authority, which was approved and declared effective by the competent authority on May 10, 2023.

B. Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Share premium	$ 742,718	742,718
Premium on convertible bond	279,668	279,668
Changes in ownership interests in subsidiaries	160,202	89,892
Employee share options	2,480	2,480
Others	236	236
	$ 1,185,304	**1,114,994**

(Continued)

According to the ROC 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.

On February 25, 2022, the Company's board of directors resolved to distributed cash dividends of $112,690 thousand ($0.35 per share) from capital surplus. The amounts, as resolved by the board of directors, are identical to those of the actual distributions. Related information is available on the Market Observation Post System website.

C. Retained earnings

The Company's Articles of Incorporation stipulate that the Company's net earnings shall first be used to offset prior years' losses, if any, before paying any income taxes. Of the remaining portion, 10% is to be appropriated as legal reserve, unless the amount of the legal reserve has already reached the Company's paid-in capital. In addition, special reserve shall be appropriated according to laws and regulations as well as the Company's operating needs. After the above appropriations, the remainder plus prior-period earnings that remain undistributed, will be proposed for distribution by the Board of Directors, and a meeting of shareholders will be held to decide on this matter. The above-mentioned distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and be reported in a shareholder meeting.

(a) Legal reserve

As stipulated by the R.O.C. Company Act, 10% of a company's net profit after tax shall be appropriated as legal reserve until the amount of accumulated legal reserve equals that of total paid-in capital. 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 the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity.

(Continued)

D. Earnings distribution

On February 23, 2023 and February 25, 2022, the Company's board of directors resolved earnings appropriation for 2022 and 2021. The amounts of cash dividends were resolved as follows:

	2022		2021	
	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)	Amount
Legal reserve		$ 57,277		7,158
(Reversal of) special reserve		$ (145,512)		16,455
Dividends distributed to preference shareholders				
Cash (dividends were $1.50 and $0.15 per share)		$ 481,976		47,969

The amounts, as resolved by the board of directors for 2022 and 2021, were identical to those of the actual distributions. Related information is available on the Market Observation Post System website.

On February 26, 2024, the Company's board of directors resolved earnings appropriation and cash payment from capital surplus for 2023. The amounts of dividends to owners were resolved as follows:

	2023	
	Amount per share (in dollars)	Amount
Dividends distributed to preference shareholders		
Cash dividends	0.12	37,903
Cash payment from capital surplus	0.18	58,492
Total		$ 96,395

E. Treasury shares

In December 2018, the Company's board of directors resolved to repurchase 7,669 thousand treasury shares to transfer them to employees. In February 2022, the board of directors resolved to cancel the shares, and the cancellation procedures were completed in March 2022.

(Continued)

F. Other equity and non-controlling interest

	Differences on translation of foreign operation financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Non-controlling interests	Total
Balance at 1 January 2023	$ 93,125	15,967	766,085	875,177
Exchange differences on translation of foreign financial statements	13,160	-	-	13,160
Cash dividends paid by subsidiaries	-	-	(127,622)	(127,622)
Unrealized gains (losses) from financial assets measured at FVOCI	-	19,337	-	19,337
Convertible bonds issued by subsidiaries	-	-	37,225	37,225
Conversion of convertible bonds issued by subsidiaries	-	-	268,052	268,052
Increase (decrease) in non-controlling interests	-	-	158,935	158,935
Balance at 31 December 2023	**$ 106,285**	**35,304**	**1,102,675**	**1,244,264**
Balance at 1 January 2022	$ (148,998)	3,487	710,583	565,072
Exchange differences on translation of foreign financial statements	242,123	-	151	242,274
Unrealized gains (losses) from financial assets measured at FVOCI	-	12,480	-	12,480
Changes in ownership interests in subsidiaries	-	-	60,208	60,208
Changes in non-controlling interests	-	-	(4,857)	(4,857)
Balance at 31 December 2022	**$ 93,125**	**15,967**	**766,085**	**875,177**

(21) Earnings per share

A. Basic earnings per share

	For the years ended December 31,	
	2023	**2022**
Profit/(loss) of the Company for the year	**$ 4,879**	**482,193**
Weighted-average number of ordinary shares outstanding (in thousands of shares)	**321,317**	**321,317**
Basic earnings per share (in dollars)	**$ 0.02**	**1.50**

(Continued)

B. Diluted earnings per share

	For the years ended December 31, 2023	2022
Profit/(loss) of the Company for the year	$ **4,879**	**482,193**
Weighted-average number of ordinary shares outstanding (in thousands of shares) (basic)	$ 321,317	321,317
Effect of share-based employee remuneration	51	2,167
Weighted-average number of ordinary shares outstanding (in thousands of shares) (diluted)	$ **321,368**	**323,484**
Diluted earnings per share (in dollars)	$ **0.02**	**1.49**

(22) Revenue from contracts with customers

A. Disaggregation of revenues

	For the years ended December 31, 2023	2022
Primary geographical markets:		
America	$ 5,810,018	8,156,923
Taiwan	2,835,659	2,668,020
Europe	408,145	1,211,680
Asia	349,840	281,606
	$ **9,403,662**	**12,318,229**

	For the years ended December 31, 2023	2022
Main products:		
Wireless broadband network products	$ 7,191,263	10,309,570
Other network-related products	2,212,399	2,008,659
	$ **9,403,662**	**12,318,229**

B. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (from related parties), net	$ **1,860,839**	**2,525,693**	**1,797,144**
Contract liabilities	$ **562,840**	**531,475**	**622,327**

Please refer to note 6(5) for the details on accounts receivable and impairment.

Please refer to note 6(17) for disclosure of onerous contracts as of December 31, 2023 and 2022.

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were $417,164 thousand and $318,354 thousand, respectively.

(23) Employee and director remunerations

The Company's Articles of Incorporation stipulate that if the Company has annual profit, 5% to 20% thereof shall be appropriated as employee remuneration and a maximum of 1% shall be appropriated as director remunerations. If the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash include the employees of the affiliated companies under certain conditions stipulated by the Chairman.

For 2023 and 2022, the Company estimated employee remuneration at $1,743 thousand and $50,577 thousand, and estimated director remuneration at $131 thousand and $3,793 thousand, respectively. The estimates, recognized as operating costs or operating expenses, were calculated based on the Company's profit before tax (before deducting employee and director remunerations), multiplied by the percentages of employee and director remuneration specified in the Company' s Articles of Incorporation. If the actual amounts differ from the estimated amounts, the differences shall be treated as changes in accounting estimates and recognized as profit or loss in the subsequent year. However, if the Board of Directors resolved that the employee remuneration shall be distributed in the form of shares, the closing price of the ordinary share on the previous day of the board meeting shall be used in calculating the number of shares. Relevant information is available on the Market Observation Post System website.

For 2022, the Company recognized employee and director remunerations of $50,577 thousand and $3,793 thousand, however, the board of directors resolved to distribute $50,292 thousand and $3,772 thousand, respectively. The amounts of employee and director remunerations for 2021, as resolved by the board of directors, were identical to those of the actual distributions. Related information is available on the Market observation Post System website.

(24) Interest income

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

	For the years ended December 31,	
	2023	**2022**
Bank deposits	**$ 28,623**	**18,697**

(25) Other income

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

	For the years ended December 31,	
	2023	**2022**
Government grant income	$ 4,193	8,625
Rental income	2,303	2,339
Dividend income	2,005	6,391
Other income	14,918	13,303
	$ 23,419	**30,658**

(Continued)

(26) Other gains and losses

The Group's other gains and losses for 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Foreign exchange gain (loss), net	$ (26,929)	(35,257)
Gain (losses) on financial assets (liabilities) at fair value through profit or loss, net	6,324	(6,112)
Losses on disposals of investments	-	(152)
Other gains (losses), net	(4,093)	(5,163)
	$ (24,698)	**(46,684)**

(27) Finance costs

During 2023 and 20222, the Group's finance costs were as follows:

	For the years ended December 31,	
	2023	**2022**
Interest expense of borrowings, etc.	$ 90,843	67,142
Interest expense of lease liability	5,709	1,071
	$ 96,552	**68,213**

(28) Financial instruments

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

The major customers of the Group are related to network communication industries. The Group generally credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Group is mainly influenced by the network communication industry. As of December 31, 2023 and 2022, 45% and 51% respectively of the Group's accounts receivable (including related parties) were from the top 5 customers. Although there is a potential in concentration of credit risk, the Group routinely assesses the collectability of its accounts receivable and makes a corresponding allowance for doubtful accounts.

(c) Credit risk associated with receivables

Risk exposure information for notes receivable and accounts receivable, please refer to note 6(5).

(Continued)

Other financial assets at amortized cost include time deposits with maturities of more than three months and restricted bank deposits; please refer to note 6(4) 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 losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(7).

B. Liquidity risk

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

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	More than 5 years
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	$ 396,227	(396,227)	(396,227)	-	-
Contract liability	562,840	(562,840)	(562,840)	-	-
Accounts payable (Included related-parties)	1,575,668	(1,575,668)	(1,575,668)	-	-
Other payables (Included related parties)	405,196	(405,196)	(405,196)	-	-
Lease liabilities (current and non-current)	135,189	(170,616)	(28,724)	(90,798)	(51,094)
Long-term borrowings	700,000	(732,603)	(12,956)	(719,647)	-
Bonds payable	264,612	(264,612)	-	(264,612)	-
Derivative financial liabilities					
Forward exchange contracts:					
Inflows	(140)	88,032	88,032	-	-
	$ 4,039,592	**(4,019,730)**	**(2,893,579)**	**(1,075,057)**	**(51,094)**
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	$ 1,940,870	(1,940,870)	(1,940,870)	-	-
Contract liability	531,475	(531,475)	(531,475)	-	-
Accounts payable (Included related parties)	2,671,746	(2,671,746)	(2,671,746)	-	-
Other payables (Included related parties)	596,424	(596,424)	(596,424)	-	-
Lease liabilities (current and non-current)	45,735	(50,571)	(12,347)	(18,993)	(19,231)
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	7,421	(233,214)	(233,214)	-	-
Inflows	(5,320)	393,200	393,200	-	-
	$ 5,788,351	**(5,631,100)**	**(5,592,876)**	**(18,993)**	**(19,231)**

(Continued)

C. Currency risk

(a) Exposure to currency risk

The Group'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	$ 22,389	30.75	688,462	60,653	30.73	1,863,867
EUR	23	34.03	783	60	32.82	1,969
CAD	589	23.23	13,681	792	22.69	17,968
Financial liabilities						
Monetary items						
USD	12,673	30.75	389,695	14,402	30.73	442,573
VND	9,618,912	0.0013	12,505	34,675,621	0.0013	45,078

(b) Sensitivity analysis

The exposure of the Company's monetary items to currency risks arises mainly from foreign exchange gains (losses) on cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, accounts payable, and other payables denominated in foreign currencies. A 5% appreciation (depreciation) of NTD against USD, Euro and VND as of December 31, 2023 and 2022, with all other variables remaining constant, would have increased or decreased the profit after tax for 2023 and 2022 by $15,036 thousand and $69,808 thousand, respectively. The analysis is performed on the same basis for 2023 and 2022.

(c) Foreign exchange gains and losses on monetary items

As the Group has various functional currencies, its foreign exchange gains (losses) arising from monetary items are disclosed on an aggregate basis. During 2023 and 2023, (realized and unrealized) foreign exchange gains (losses) amounted to $(26,929) thousand and $(35,257) thousand.

D. Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities. The following sensitivity analysis was based on interest rate exposure. 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 Group's profit before tax would have increased or decreased by $2,314 thousand and $1,112 thousand respectively during 2023 and 2022, with all other variables remaining constant. The movements were mainly due to the Group's cash and cash equivalents, current and non-current financial assets at amortized cost, short-term borrowings and long-term borrowings with variable interest rates.

(Continued)

E. Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Securities price on the reporting date	For the years ended December 31, 2023	2022
Financial assets at FVTPL		
5% increase	$ 299	2,788
5% decrease	$ (299)	(2,788)
Financial assets at FVOCI		
5% increase	$ 2,558	1,591
5% decrease	$ (2,558)	(1,591)

F. Fair value information

(a) Categories and fair values of financial instruments

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 Group'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				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Financial assets at FVTPL, mandatorily measured at fair value–derivative financial assets	$ 140	-	140	-	140
Financial assets at FVTPL, mandatorily measured at fair value–shares	5,989	5,989	-	-	5,989
Non-current financial assets at FVOCI	51,152	-	-	51,152	51,152
Subtotal	$ 57,281	5,989	140	51,152	57,281

(Continued)

	December 31, 2023				
		Fair Value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at amortized cost					
Cash and cash equivalents	$ 1,980,637	-	-	-	-
Notes and accounts receivable (Included related parties)	1,860,839	-	-	-	-
Other receivables (Included related parties)	359,617	-	-	-	-
Current and non-current financial assets at amortized cost	41,000	-	-	-	-
Subtotal	**$ 4,242,093**	**-**	**-**	**-**	**-**
Financial liabilities at amortized cost					
Accounts payable (Included related parties)	$ 1,575,668	-	-	-	-
Other payables (Included related parties)	405,196	-	-	-	-
Short-term borrowings	396,227	-	-	-	-
Long-term borrowings (including maturity within 1 year)	700,000	-	-	-	-
Lease liabilities (current and non-current)	135,189	-	-	-	-
Subtotal	**$ 3,212,280**	**-**	**-**	**-**	**-**

	December 31, 2022				
		Fair Value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value under repetitive basis					
Financial assets at FVTPL, mandatorily measured at fair value–derivative financial assets	$ 5,320	-	5,320	-	5,320
Financial assets at FVTPL, mandatorily measured at fair value–shares	55,764	55,764	-	-	55,764
Non-current financial assets at FVOCI	31,815	-	-	31,815	31,815
Subtotal	**$ 92,899**	**55,764**	**5,320**	**31,815**	**92,899**

(Continued)

	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 2,385,676	-	-	-	-
Notes and accounts receivable (Included related parties)	2,525,693	-	-	-	-
Other receivables	460,618	-	-	-	-
Subtotal	**$ 5,371,987**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value under repetitive basis					
Financial liabilities at FVTPL–derivative financial liabilities	**$ 7,421**	**-**	**7,421**	**-**	**7,421**
Financial liabilities at amortized cost					
Short-term borrowings	1,940,870	-	-	-	-
Notes and accounts receivable (Included related parties)	2,671,746	-	-	-	-
Other payables (Included related parties)	596,424	-	-	-	-
Lease liabilities (current and non-current)	45,735	-	-	-	-
Subtotal	**$ 5,254,775**	**-**	**-**	**-**	**-**

Fair value measured on a non-recurring basis refers to fair value measurement under certain conditions. The Group does not have financial assets and liabilities that are measured at fair value on a non-recurring basis.

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

i. Non-derivative financial instruments

Fair values of financial instruments were measured based on quoted market prices if these prices were available in active markets. The prices of financial instruments quoted by main exchanges and popular bonds quoted by the Taipei Exchange can be adopted as a benchmark to determine the fair values of equity instruments issued by listed entities and quoted debt instruments with an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm' s-length basis. Otherwise, the market is deemed to be inactive. Only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

(Continued)

The categories and nature of the fair value for the Group's financial instruments which have an active market are presented as follows:

Shares in listed companies are financial assets and financial liabilities with standard terms and conditions and are traded in active markets, and their fair values are determined with reference to quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

The fair values of the Group's financial instruments without an active market are presented according to categories and attributes as follows:

The fair values of equity instruments without a public quoted price are measured based on net asset values of comparable companies. The main assumption is based on the market multiples derived from investees' net value per share and quoted prices of EV/EBIT's comparable listed companies. The estimate has been adjusted for the discount on equity securities arising from lack of liquidity.

ii. Derivative financial instruments

Fair value of forward currency is usually determined by the forward currency exchange rate.

(c) During 2023 and 2022, there was no transfer between levels of the fair value hierarchy.

(d) Reconciliation of Level 3 fair values

		Fair value through other comprehensive income
Balance on January 1, 2023	$	31,815
Unrealized gains from investments in equity instruments measure at fair value through other comprehensive income		19,337
Balance on January 1, 2023	**$**	**51,152**
Balance on January 1, 2022	$	19,335
Unrealized gains from investments in equity instruments measure at fair value through other comprehensive income		12,480
Balance on December 31, 2022	**$**	**31,815**

(Continued)

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

The Group's financial instruments that use Level 3 inputs to measure fair value include investments in financial assets at FVOCI.

As of December 31, 2023 and 2022, quantified information on 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 – equity investments without an active market	P/B ratio method	P/B ratios of industry peers (1.75 and 1.61 as of December 31, 2023 and 2022, respectively)	The higher the P/B ratio, the higher the fair value.
		Market liquidity discount rate (23.21% and 19.30% as of December 31, 2023 and 2022, respectively)	The higher the discount for lack of marketability, the lower the fair value.

(29) Financial risk management

A. Overview

The Group have exposures to the following risks from its financial instruments:

(a) credit risk

(b) liquidity risk

(c) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. Please refer to the notes for further quantitative disclosures.

B. Risk management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported regularly to the Board of Directors on its activities.

(Continued)

C. Credit risk

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

(a) Accounts receivable and other receivable

The Group has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Group'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 Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

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

(b) Investment

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

(c) Guarantee

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

D. Liquidity risk

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue 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.

Bank borrowing is an essential liquidity source for the Group. Please refer to note 6(12) and (14) for the Group's unused credit lines for short-term and long-term borrowings as of December 31, 2023 and 2022.

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

(Continued)

(a) Foreign currency risk

The Group is exposed to currency risk associated with sales, purchases, and borrowings denominated in a currency other than the functional currencies of the Company. These transactions are primarily denominated in NTD, USD, and RMB.

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

(b) Other market price risk

The Group 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 Group does not actively trade in these investments. Therefore, the Group will be exposed to the risk of market price changes in its equity securities.

(30) Capital management

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

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

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

	December 31, 2023	December 31, 2022
Total liabilities	$ 4,486,517	6,178,218
Less: Cash and cash equivalents	(1,980,637)	(2,385,676)
Net debt	**$ 2,505,880**	**3,792,542**
Total equity	**$ 6,022,177**	**6,059,877**
Debt-to-equity ratio	**41.61%**	**62.58%**

(Continued)

(31) Non-cash investing and financing activities

The Group's investing and financing activities which did not affect the current cash flow were as follows:

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

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

	January 1, 2023	Cash flows	Exchange rate movements and others	December 31, 2023
Short-term borrowings	$ 1,940,870	(1,548,502)	3,859	396,227
Long-term borrowings	-	700,000	-	700,000
Bonds payable	-	631,884	(367,272)	264,612
Lease liabilities	45,735	(15,707)	105,161	135,189
Total liabilities from financing activities	**$ 1,986,605**	**(232,325)**	**(258,252)**	**1,496,028**

	January 1, 2022	Cash flows	Exchange rate movements and others	December 31, 2023
Short-term borrowings	$ 2,554,712	(613,842)	-	1,940,870
Bonds payable (including maturity within 1 year)	461,471	(372,300)	(89,171)	-
Lease liabilities	47,905	(17,384)	15,214	45,735
Total liabilities from financing activities	**$ 3,064,088**	**(1,003,526)**	**(73,957)**	**1,986,605**

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Alpha Networks lnc. (Alpha) is the Group's parent and Qisda Corporation (Qisda) is the Group's ultimate controlling party. Alpha held 62.24% of the Group's outstanding shares. Consolidated financial statements have been prepared for public use.

(2) Names and relationship with the Group

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statement:

Name of related party	Relationship with the Group
Qisda Corporation (Qisda)	Ultimate parent
Alpha Networks lnc. (Alpha)	Parent

(Continued)

Name of related party	Relationship with the Group
Alpha Networks Vietnam Company Limited (Alpha VN)	Parent’s subsidiary
MetaAge Corporation (MetaAge) (Note)	Associate
Unictron Technologies Corporation (Unictron)	Associate
Qisda Vietnam Co.,Ltd (QVH)	Associate
Concord Medical Co., Ltd. (Concord)	Associate
BenQ Technologies (Shanghai) Co., Ltd. (BQls)	Associate
AdvancedTEK International Corp. (AdvancedTEK)	Associate
Golden Spirit CO., LTD. (Golden)	Associate
Darfon Electronics Corp. (Darfon)	Associate

Note: Sysage Technology Co., Ltd. was renamed MetaAge Corporation on June 23, 2022.

(3) Significant related-party transactions

A. Operating revenue

The amounts of sales to related parties were as follows:

	For the years ended December 31, 2023	2022
Parent	**$ 25,866**	**788**

Determined based on market prices, the selling prices for the Group’s related parties were adjusted taking into account locations and sales volumes.

The collection terms for third parties and related parties were 30 to 90 days.

B. Purchases

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

	For the years ended December 31, 2023	2022
Parent	$ 68,484	207,252
Associate	54,063	92,135
	$ 122,547	**299,387**

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

(Continued)

C. Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts receivable due from related parties	Parent	$ 3,540	765

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	$ 14,736	87,896
	Associate	16,911	25,088
		$ 31,647	112,984

E. Prepayments

Account	Relationship	December 31, 2023	December 31, 2022
Prepayments (included in other current assets)	Ultimate parent	$ 200	-
	Parent	446	8,123
	Associate	360	-
		$ 1,006	8,123

F. Transactions of property, plant and equipment

(a) Acquisition of property, plant and equipment

	Acquisition price For the years ended December 31, 2023	Acquisition price For the years ended December 31, 2022
Ultimate parent	$ 200	-
Parent	2,112	5,477
Associate	2,538	650
	$ 4,850	6,127

(Continued)

(b) Disposal of property, plant, and equipment

	Disposal price	
	For the years ended December 31,	
	2023	2022
Parent	$ 8,801	-

G. Acquisition of intangible assets

	Amount	
	For the years ended December 31,	
	2023	2022
Associate	$ 95	31,930

H. Other operating costs

	For the years ended December 31,	
	2023	2022
Parent	$ 279	-

I. Operating expenses

	For the years ended December 31,	
	2023	2022
Ultimate parent	$ 1,024	379
Parent	3,758	19,761
Associate	99	598
	$ 4,881	20,738

J. Other receivables

Account	Relationship	December 31, 2023	December 31, 2022
Other receivables	Parent	$ 31,551	-

Starting from the first quarter of 2023, the Company has a new transcation pattern with its parent Company. The Company parohases raw materials from its parent Company and has them processed by Hitron Vietnam, and then sells them back to its parent Company after Hitron Vietnam has completed the processing.

The transaction was accounted for on a net lasis. Unsold raw materials at the end of the related period were accounted for as other receivables-related parties.

(Continued)

K. Other payables

Account	Relationship	December 31, 2023	December 31, 2022
Other payables	Ultimate parent	$ 212	220
	Parent	651	4,809
	Associate	71	136
		$ 934	**5,165**

L. Advance sales receipts

Account	Relationship	December 31, 2023	December 31, 2022
Advance sales receipts	Parent	**$ 1,600**	**-**

M. Dividends

On February 22, 2023 and March 16, 2022, IDT, a subsidiary, distributed dividends pursuant to a board resolution. During 2023 and 2022, cash dividends amounted to $232,532 thousand and $213,130 thousand, respectively, of which the dividend income resulted from earnings distribution amounted to $85,721 thousand and $106,331 thousand, respectively. As of December 31, 2023 and 2022, the above-mentioned amounts have been settled in full.

(4) Key management personnel compensation

	For the years ended December 31, 2023	For the years ended December 31, 2022
Short-term employee benefits	**$ 76,013**	**81,243**

8. Pledged assets:

Pledged assets	Object	December 31, 2023	December 31, 2022
Restricted time deposits (included in other current assets)	Guarantees for forward exchange	$ 650	286
Restricted time deposits (included in other non-current assets)	Guarantees for land lease and post-release duty payments for customs	2,382	2,382
Guarantee deposits paid (included in other non-current assets)	Guarantee to local authority for sales to abroad customers	12,061	11,773
		$ 15,093	**14,441**

(Continued)

9. Significant commitments and contingencies:

(1) As of December 31, 2023 and 2022, the Group's promissory notes, deposited in banks for granting of credit lines, amounted to $300,000 thousand.

(2) Others:

	December 31, 2023	December 31, 2022
Guarantee Notes Payable for tender contract	$ 15,256	4,497
Guarantee for construction projects	$ 113,771	91,749

10. Losses Due to Major Disasters: None

11. Subsequent Events: None

12. Other:

A summary of employee benefits, depreciation, and amortization, by function, is were follows:

By function / By item	2023			2022		
	Cost of sales	Operation expenses	Total	Cost of sales	Operation expenses	Total
Employee benefits						
Salaries	106,928	1,045,348	1,152,276	170,612	1,145,901	1,316,513
Labor and health insurance	11,977	78,676	90,653	13,531	73,194	86,725
Pension	-	51,339	51,339	-	46,334	46,334
Remuneration of directors	-	14,953	14,953	-	21,900	21,900
Others	10,736	31,189	41,925	17,977	30,916	48,893
Depreciation	128,084	127,611	255,695	125,262	118,221	243,483
Amortization	2,399	35,541	37,940	1,524	29,873	31,397

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 Group:

A. Loans to other parties: Please refer to Table 1.

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

C. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.

(Continued)

D. Individual securities acquired or disposed of with accumulated amount exceeding $300 million or 20% of the capital stock: None

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

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

G. Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock: Please refer to Table 4.

H. Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock: Please refer to Table 5.

I. Trading in derivative instruments: Please refer to note 6(2).

J. Business relationships and significant intercompany transactions: Please refer to Table 6.

(2) Information on investees: 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: Please refer to Table 9.

14. Segment information:

(1) General information

The Group has 2 reportable segments, both of which were the Group's strategic business units (SBU). As the strategic business units provide different products and services, they are managed separately because they require different technology and marketing strategies. The Group's chief operating decision maker reviews the internal management reports submitted by each SBU on a quarterly basis. The businesses of Group's reportable segments are as follows:

A. Manufacturing:

Design, research, development, production and sale of broadband products, wireless network products, computer network system, and related components.

(Continued)

B. System Integration:

Telecoms and broadband network system, wireless transmission, digital media system, cloud information system, geographic information system, etc.

(2) Information on reportable segments and their measurement and reconciliations

The Group's operating segment information and reconciliation are as follows:

	For the year ended December 31, 2023			
	System integration	Manufacturing	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	$ 2,212,399	7,191,263	-	9,403,662
Intersegment revenues	30,161	-	(30,161)	-
Total revenue	$ 2,242,560	7,191,263	(30,161)	9,403,662
Interest expenses	$ 8,642	87,918	(8)	96,552
Depreciation and amortization	$ 23,944	273,066	(3,375)	293,635
Reportable segment profit or loss	$ 261,763	6,259	(104,208)	163,814

	December 31, 2023			
	System integration	Manufacturing	Reconciliation and elimination	Total
Assets of reportable segments	$ 3,037,533	8,115,352	(644,191)	10,508,694
Liabilities of reportable segments	$ 1,297,802	3,195,941	(7,226)	4,486,517

	For the year ended December 31, 2023			
	System integration	Manufacturing	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	$ 2,008,659	10,309,570	-	12,318,229
Intersegment revenues	39,544	-	(39,544)	-
Total revenue	$ 2,048,203	10,309,570	(39,544)	12,318,229
Interest expenses	$ 7,425	60,797	(9)	68,213
Depreciation and amortization	$ 17,786	260,623	(3,529)	274,880
Reportable segment profit or loss	$ 215,007	482,212	(89,283)	607,936

	December 31,			
	System integration	Manufacturing	Reconciliation and elimination	Total
Assets of reportable segments	$ 2,632,421	10,162,836	(557,162)	12,238,095
Liabilities of reportable segments	$ 1,316,600	4,869,413	(7,795)	6,178,218

(Continued)

(3) Products and services information

Details of customers contract revenue for 2023 and 2022, please refer to note 6 (22).

(4) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Please refer to note 6(22) for revenue from contracts with customers for 2023 and 2022.

		December 31, 2023	December 31, 2022
Non-current assets:			
Taiwan	$	1,070,580	1,098,023
Asia		1,048,023	1,253,222
America		103,306	14,879
Europe		4,617	144
	$	**2,226,526**	**2,366,268**

Non-current assets include property, plant, and equipment, right-of-use assets, intangible asset and other assets, not including financial instruments and deferred tax assets.

(5) Major customer information

Sales to individual customers representing greater than 10% of consolidated revenue were as follows:

		For the years ended December 31,	
		2023	2022
Company C	$	**2,571,750**	**2,480,025**

Hitron Technologies Inc. and Subsidiaries

Loans to other parties

For the year ended December 31, 2023

Table 1

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of lender	Name of borrower	Account (Note 2)	Related party	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 8)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 4)	Transaction amount for business between two parties (Note 5)	Reasons for short-term financing (Note 6)	Allowance for bad debt	Collateral		Individual funding loan limits (Note 7)	Maximum limit of fund financing (Note 7)
													Item	Value		
0	The Company	Hitron Technologies Viet Nam	Other receivables due from related parties	Yes	933,000	-	-	1%	2	-	Operating capital	-	-	-	983,900	1,967,801

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1) the company ,fill in 0.
(2) The subsidiaries are numbered in order starting from ‘1’. The same company code should be the same.

Note 2: Fill in the name of account in which the loans are recognized, such as receivables–related parties, current account with shareholders, prepayments, temporarcly payments, etc.

Note 3: The maximum outstanding balance of loans to other parties during the year.

Note 4: The column of ‘Nature of loan’ shall fill in “1” for ‘Business transaction’ or “2” for ‘Short-term financing’.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in the purpose when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company’s “Procedures for Provision of Loans”, and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

Total amount of loans to others cannot exceed 40% of overall net profit shown on the most recent audited/reviewed financial statement. Limit on loans granted to a borrower is confined according to the reasons of the borrowing:

a. For a borrower having business dealings with the Company, the maximum individual loan amount shall not exceed the estimated business dealing amount between the two parties within the most recent year or future one year, and shall not exceed 20% of the net worth of the Company indicated in the most recent financial statements of the Company. The “total amount of trading” refers to the material purchase or sales amount between the two companies, whichever is higher.

b. Nature of the loan is related to financing necessity, total amount of the loan cannot exceed 20% of overall net profit shown on the most recent audited/reviewed financial report.

c. For loaning of funds between foreign subsidiaries with voting shares 100% directly or indirectly held by the Company, or loans provided by foreign subsidiaries with voting shares 100% directly or indirectly held by the Company to the Company, it is not restricted by the financial total amount limit and the financing period; however, each of such subsidiaries shall still self-establish the limit and loan period for loaning funds to others.

Note 8: The amounts of funds to be loaned to others which have been approved by the Board of Directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the Board of Directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Hitron Technologies Inc. and Subsidiaries
Guarantees and endorsements for other parties
For the year ended December 31, 2023

Table 2 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 3)	Highest balance for guarantees and endorsements during the period (Note 4)	Balance of guarantees and endorsements as of reporting date (Note 5)	Actual usage amount during the period (Note 6)	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 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary (Note 7)	Subsidiary endorsements/ guarantees to third parties on behalf of parent company (Note 7)	Endorsements/ guarantees to third parties on behalf of companies in Mainland China (Note 7)
		Name	Relationship with the Company (Note 2)										
0	The Company	Hitron Technologies Viet Nam	(2)	4,919,502	2,554,740	-	-	-	- %	7,379,253	Y	N	N
0	The Company	Hitron Technologies Americas	(2)	4,919,502	615,600	-	-	-	- %	7,379,253	Y	N	N
0	The Company	Hitron Technologies Europe	(2)	4,919,502	631,113	-	-	-	- %	7,379,253	Y	N	N

Note 1: The numbers denote the following:

(1) "0" represents the Company.

(2) Investees are sequentially numbered from "1". The same company code should be the same.

Note 2: There are 6 relationships between the endorsement/guarantees providers and the counterparties thereof:

(1) Business Transaction.

(2) An entity wherein the Company owns more than 50% voting rights, directly or indirectly.

(3) An entity owning more than 50% voting rights in the Company, directly or indirectly.

(4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, However, this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

(5) An industry peer or joint builder mutually guaranteed according to a construction contract.

(6) An entity endorsed/guaranteed by all shareholders in proportion to shareholding in joint investment.

(7) Where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

(1) Total amount of provision of endorsements and guarantees to others cannot exceed 150% of total net profit of the most recent financial statement.

(2) Limit on provision of endorsements and guarantees to others granted to a single party cannot exceed 20% of the total net profit of the most recent financial statement, however, when the parent company owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity, the limit on provision of endorsements and guarantees to others is not confined by the previous described but still cannot not exceed 100% of total net profit of the most recent financial statement.

(3) For the endorsement/guarantee made to others having business dealings with the Company, in addition to the provisions specified in the preceding two paragraphs, the maximum endorsement/guarantee amount provided to one single party shall not exceed the estimated business dealing total amount between the two parties within the most recent year or future one year, and shall not exceed 20% of the net worth of the Company indicated in the most recent financial statements of the Company (the term "business dealing total amount" refers to the higher of the purchase or sales amount between the two parties).

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Once endorsement/guarantee contracts or promissory notes are signed by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities. And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Hitron Technologies Inc. and Subsidiaries

Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2023

Table 3

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company (Note 2)	Account	Ending balance				Highest Percentage of ownership during the year (%)	Note (Note 4)
				Shares/ Units (thousands)	Carrying value (Note 3)	Percentage of ownership (%)	Fair value		
The Company	Senao International Cq, Ltd.	-	Current financial assets at fair value through profit or loss	152	5,989	0.06	5,989	0.06	
The Company	Chao Long Motor Parts Corp.	-	Non-current financial assets at FVOCI	668	51,152	1.79	51,152	1.79	
The Company	Imagetech Co., Ltd.	-	Non-current financial assets at FVOCI	120	-	1.20	-	1.20	
The Company	Tsunami Visual Technologies Inc.	-	Non-current financial assets at FVOCI	1,220	-	9.34	-	9.34	
The Company	Pivot Technology Corp.	-	Non-current financial assets at FVOCI	198	-	10.94	-	10.94	
The Company	Cardtek Technology Co., Ltd.	-	Non-current financial assets at FVOCI	1,000	-	6.45	-	6.45	
The Company	Yesmobile Holdings Company Ltd.	-	Non-current financial assets at FVOCI	294	-	0.75	-	0.75	
The Company	Codent Networks (Cayman) Ltd. (preference shares)	-	Non-current financial assets at FVOCI	1,570	-	-	-	-	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 "Financial instruments.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Hitron Technologies Inc. and Subsidiaries

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 4

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others (Note 1)		Notes/Accounts receivable (payable)		Note (Note 2)
			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	Hitron Technologies Americas	Parent and subsidiary	(Sales)	(4,134,320)	(66.53)%	90 days	Agreed by both parties	Same	1,518,943	73.97%	
The Company	Hitron Technologies Europe	Parent and subsidiary	(Sales)	(355,687)	(5.72)%	90 days	Agreed by both parties	Same	69,433	3.38%	
The Company	Hitron Technologies Viet Nam	Parent and subsidiary	Purchase	6,423,767	89.25%	60 days	Agreed by both parties	Same	(1,701,574)	(85.95)%	

Note 1: If the transaction conditions of the related party are different from the general transaction conditions, the differences and reasons should be stated in the unit price and credit period columns.

Note 2: If there is an advance receipt (payment), the reasons, contract terms, amount, and differences from general transaction types should be stated in the remarks column.

Note 3: Paid-in capital refers paid-in capital of parent. In the case that shares were issued with no par value or with a par value other than NT$10 per share, 20 % of paid-in capital shall be replaced by 10% of equity attributable to the parent company in the calculation.

Hitron Technologies Inc. and Subsidiaries

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

December 31, 2023

Table 5

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance (Note 2)	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Loss Allowance	Note
					Amount	Action taken			
The Company	Hitron Technologies Americas	Parent and subsidiary	1,518,943	2.17	-	-	536,841	-	Note 3
Hitron Technologies Viet Nam	The Company	Parent and subsidiary	1,701,574	2.73	-	-	10,274	-	Note 3

Note 1: The amount recovered as of February 19, 2024.

Note 2: Please fill in separately the balances of the accounts receivable, notes receivable and other receivables that are due from related parties.

Note 3: Relevant transactions and closing balance have been eliminated.

Hitron Technologies Inc. and Subsidiaries

Business relationships and significant intercompany transactions

For the year ended December 31, 2023

Table 6 (In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship (note 2)	Intercompany transactions			
				Account	Amount	Payment terms	Percentage of the consolidated operating revenue or total assets (note 3)
0	Hitron Technologies	Hitron Technologies Americas	Parent to subsidiary	Sales	4,134,320	-	43.97%
0	Hitron Technologies	Hitron Technologies Americas	Parent to subsidiary	Accounts receivable	1,518,943	90 days	14.45%
0	Hitron Technologies	Hitron Technologies Europe	Parent to subsidiary	Sales	355,687	-	3.78%
0	Hitron Technologies	hitron technologies europe	Parent to subsidiary	Accounts receivable	69,433	90 days	0.66%
0	Hitron Technologies	Hitron Technologies Viet Nam	Parent to subsidiary	Purchases	6,423,767	-	68.31%
0	Hitron Technologies	Hitron Technologies Viet Nam	Parent to subsidiary	Accounts payable	1,701,574	60 days	16.19%

Note 1: The transactions between parent and subsidiaries should be categorized. The numbers denote the following:

(i) “0” represents the parent.

(ii) Subsidiaries are in sequential numbers starting from “1”.

Note 2: There are 3 relationships with transaction counterparties:

(i) Parent and subsidiary

(ii) Subsidiary and parent

(iii) Associates

Note 3: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets. If it is an asset and liability item, it is calculated as the ending balance to the consolidated total assets; if it is a profit or loss item, it is calculated as the interim accumulated amount to the consolidated total revenue. calculate.

Note 4: Regarding the business relationships and important transactions between the parent company and its subsidiaries, only the sales and accounts receivable accounting for 1% of the consolidated revenue or assets are disclosed, and the corresponding purchases and accounts payable will not be described in detail.

Hitron Technologies Inc. and Subsidiaries
Information on investees
For the year ended December 31, 2023

Table 7

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee (Note 1 and 2)	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee Note (2(3))	Share of profits/ losses of investee Note (2(3))	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Hitron Technologies (Samoa)	Samoa	International trade	172,179	642,697	5,850	100.00 %	187,851	49,396	52,391	
The Company	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	36.39 %	638,399	261,763	105,346	
The Company	Hitron Technologies Viet Nam	Vietnam	Production and sale of broadband telecommunication products	1,511,735	1,511,735	-	100.00 %	2,798,108	381,925	387,558	
The Company	Hitron Technologies Americas	USA	International trade	90,082	90,082	300	100.00 %	294,821	(82,795)	(31,132)	
The Company	Hitron Technologies Europe	Netherlands	International trade	59,604	59,604	15	100.00 %	66,652	(35,857)	(27,298)	
The Company	Innoauto Technologies	Taiwan	Investments	20,000	20,000	2,000	100.00 %	3,440	(4)	(4)	

Note 1: If a public company set up an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If the situation does not fit the description in note 1, the columns are filled in as follows:

(1) The columns of ‘Investee’, ‘Location’, ‘Main business activities’, ‘Initial investment amount’ and ‘Shares held as at December 31, 2023’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.

(2) The amount of profit (loss) of the investee for this period should be filled in the ‘Net income (losses) of the investee” column.

(3) The Investment income (loss) recognized by the parent company for the year ended December 31, 2022’ column should fill in the company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period.. When filling in “Amount of current profit (loss) of each subsidiary that is directly recognized as investee”, it should be ascertained that whether the amount of current profit (loss) of each subsidiary includes its investment profit (loss) which shall be recognized pursuant to regulations.

Hitron Technologies Inc. and Subsidiaries

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

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 (Note 1)	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	Highest percentage of ownership	Investment income (losses) (note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Hitron Technologies (Suzhou) Inc.	Production and sale of Broadband network products	171,245 (RMB34,800)	(b)	641,763	-	470,518	171,245	49,387	100.00%	100.00%	49,387	190,836	-
Jietech Trading	Sale of broadband network products and related services	31,139 (RMB5,425)	(b)	31,139	-	-	31,139	(11)	100.00%	100.00%	(11)	3,670	-
Hwa Chi Technologies	Technical consulting, researching, maintenance and after service regarding electronic communication products	5,814 (USD200)	(c)	12,048	-	-	12,048	2,562	36.39%	41.49%	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 (Note 3)
Hitron Technologies Inc.	214,432	214,432	2,951,701

Note 1: There are 3 investment methods:

(a) Direct investment in Mainland China.

(b) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(c) Hwa Chi is a China based investment company, which was originally invested by Hitron (Samoa),of the company. 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.

Note 2: Investment profits (losses) recognized for the current period:

(a) If the investee was in the pipeline without any investment profit (loss), the situation should be specified.

(b) There are 3 types of recognition basis for investment gains or losses, and the basis shall be specified.

(i) Based on financial statements audited by an international accounting firm in cooperation with a R.O.C. accounting firm.

(ii) Based on financial statements audited by the parent's independent auditors.

(iii) Others.

Note 3: Calculated as 60% (upper limit on investment) of the Company's net worth on December 31, 2023 in accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China amended on August 29, 2008..

Hitron Technologies Inc. and Subsidiaries

Major shareholders

For the year ended December 31, 2023

Table 9 Unit: Shares

Shareholding / Shareholder's Name	Shares	Percentage
Alpha Networks Inc.	200,000,000	62.24 %

1.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.

2.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.

Independent Auditors' Report

To the Board of Directors of Hitron Technologies Inc.:

Opinion

We have audited the parent-company-only financial statements of Hitron Technologies Inc.("the Company"), which comprise the parent-company-only balance sheet as of December 31, 2023, and the parent-company-only statement of comprehensive income, changes in equity and cash flows for the years ended, December 31, 2023, and notes to the parent-company-only financial statements including a summary of significant 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 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and the 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 Parent-company-only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. Based on our audits and the report of another auditor, 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 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

   Please refer to note 4(14) and note 6(20) for accounting policy and detailed disclosure of revenue, respectively.

   In explanation of key audit matter:

   The Company is mainly engaged in the research, development, manufacturing and sale of network communication equipment, and its main products are cable modems and cable routers. When network communication products, such as modems and cable routers, depart from the shipping points, the customer has the right to use and price the goods. In addition to the primary responsibility for resale, the customer shall assume the risk of obsolescence of the goods. The Company' s recognizes revenue and accounts receivable upon departure of the goods. Since the trading volume of operating revenue is high and is arising from global operating locations. Therefore, we considered the appropriateness of the timing of revenue recognition to be one of the key audit matters.

   How the matter was addressed in our audit:

   - understanding the Company's accounting policies on revenue recognition and comparing them with both the terms of sales and the criteria for revenue recognition, so as to assess the appropriateness of the policies adopted;
   - field observation of the design of the internal control system for sales revenue, as well as test of the effectiveness of execution on a sample basis
   - sampling individual revenue transaction and comparing them with customer orders, as well as vouchers for delivery, payment, installation and acceptance; and
   - sampling sales transactions during a period before and after the reporting date to review the sales terms, delivery documents and customer confirmation documents, so as to assess sales transactions at year end.

2. Inventory valuation

   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(5) for summary of inventory.

   In explanation 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.

Other Matter

The financial statements of Hitron Technologies, Inc. for year ended December 31, 2022 were audited by another auditor who issued an audit report with an unqualified opinion and other matters paragraphs on February 23, 2023.

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 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 auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 parent-company-only 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 this 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 26, 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' audit 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)

Hitron Technologies Inc.

Balance Sheets

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar)

Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
Current assets:				
Cash and cash equivalents (note 6(1))	$ 823,718	10	947,255	9
Current financial assets at fair value through profit or loss (note 6(2))	6,111	-	34,117	-
Accounts receivables, net (note 6(4))	463,204	6	1,092,888	11
Accounts receivables from related parties, net (note 6(4) and 7)	1,590,236	19	2,562,098	25
Other receivables, net	326,870	4	460,444	4
Other receivables from related parties, net (note 7)	131,798	2	562,834	6
Current tax assets (note 6(17))	3,094	-	959	-
Inventories (note 6(5))	172,429	2	104,065	1
Other current assets (notes 6(10) and 8)	61,540	1	68,439	1
	3,579,000	44	5,833,099	57
Non-current assets:				
Non-current financial assets at fair value through other comprehensive income (note 6(3))	51,152	1	31,815	-
Investments in equity-accounted investees (note 6(6))	3,989,271	49	3,908,505	39
Property, plant and equipment (notes 6(7) and 7)	184,199	2	203,902	2
Right-of use assets (note 6(8))	21,872	-	24,193	-
Intangible assets (notes 6(9) and 7)	86,787	1	78,587	1
Deferred tax assets (note 6(17))	246,891	3	87,055	1
Other non-current assets (notes 6(10) and 8)	5,271	-	21,811	-
	4,585,443	56	4,355,868	43
Total assets	$ 8,164,443	100	10,188,967	100

Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
Current liabilities:				
Short-term borrowings (note 6(11))	$ 184,500	2	1,170,000	11
Current financial liabilities at fair value through profit or loss (note 6(2))	-	-	7,329	-
Current contract liabilities (note 6(20))	-	-	6,792	-
Accounts payable	256,038	3	261,761	3
Accounts payable to related parties (note 7)	1,723,698	21	3,121,532	31
Other payables (note 6(12) and (16))	96,640	1	199,630	2
Other payables to related parties (note 7)	41,137	1	36,969	-
Current provisions (note 6(15))	24,676	1	43,651	1
Current lease liabilities (note 6(14))	1,884	-	2,151	-
Other current liabilities	3,410	-	3,580	-
	2,331,983	29	4,853,395	48
Non-Current liabilities:				
Long-term borrowings (note 6(13))	700,000	9	-	-
Deferred tax liabilities (note 6(17))	192,322	2	19,261	-
Non-current lease liabilities (note 6(14))	20,358	-	22,241	-
Other non-current liabilities	278	-	278	-
	912,958	11	41,780	-
Total liabilities	3,244,941	40	4,895,175	48
Equity attributable to owners of parent company (note 6(18)):				
Ordinary share capital	3,213,172	39	3,213,172	32
capital surplus	1,185,304	15	1,114,994	11
Retained earnings:				
Legal reserve	340,501	4	283,224	3
Special reserve	-	-	145,512	1
Unappropriated retained earnings	38,936	-	427,798	4
	379,437	4	856,534	8
Other equity interest	141,589	2	109,092	1
Total equity	4,919,502	60	5,293,792	52
Total liabilities and equity	$ 8,164,443	100	10,188,967	100

See accompanying notes to parent company only financial statements.

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

Hitron Technologies Inc.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar, except for Earnings per share)

	For the years ended December 31,			
	2023		2022	
	Amount	%	Amount	%
Operating revenues (notes 6(20) and 7)	$ 6,214,423	100	9,947,772	100
Operating costs (notes 6(5), (16), (21) and 7)	5,943,315	96	9,483,709	95
Gross profit from operations	271,108	4	464,063	5
Unrealized profit (loss) from sales (note 7)	66,674	1	(192,081)	(2)
Gross profit from operations	337,782	5	271,982	3
Operating expenses (notes 6(16), (21) and 7)**:**				
Selling expenses	132,846	2	162,870	2
Administrative expenses	200,289	3	223,672	2
Research and development expenses	445,698	7	490,805	5
Expected credit loss (gain) (note 6(5))	(16,929)	-	15,698	-
Total operating expenses	761,904	12	893,045	9
Net operating loss	(424,122)	(7)	(621,063)	(6)
Non-operating income and expenses:				
Interest income (note 6(23))	17,607	-	12,491	-
Other income (note 6(24))	13,086	-	12,990	-
Other gains and losses, net (note 6(22))	(25,781)	-	(41,386)	-
Finance costs (note 6(25))	(49,547)	(1)	(42,290)	-
Share of profit of equity-accounted investees (note 6(6))	486,861	8	1,127,805	11
Total non-operating income and expenses	442,226	7	1,069,610	11
Profit before tax	18,104	-	448,547	5
Income tax expenses (note 6(17))	13,225	-	(33,646)	-
Profit	4,879	-	482,193	5
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	-	-	681	-
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	19,337	-	12,480	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	(136)	-
Total components of other comprehensive income that will not be reclassified to profit or loss	19,337	-	13,025	-
Components of other comprehensive income (loss) that are or may be reclassified to profit or loss				
Exchange differences on translation of foreign financial statements	13,160	-	242,123	2
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Total components of other comprehensive income that are or may be reclassified to profit or loss	13,160	-	242,123	2
Other comprehensive income	32,497	-	255,148	2
Total comprehensive income	**$ 37,376**	**-**	**737,341**	**7**
Earnings per share (New Taiwan dollars) (note 6(27))				
Basic earnings per share	**$**	**0.02**		**1.50**
Diluted earnings per share	**$**	**0.02**		**1.49**

See accompanying notes to parent company only financial statements.

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

Hitron Technologies Inc.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar)

			Retained earnings				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) from financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	Total equity
Balance at January 1, 2022	$ 3,289,862	1,236,008	276,066	129,057	71,582	476,705	(148,998)	3,487	(145,511)	(160,442)	4,696,622
Profit	-	-	-	-	482,193	482,193	-	-	-	-	482,193
Other comprehensive income	-	-	-	-	545	545	242,123	12,480	254,603	-	255,148
Total comprehensive income	-	-	-	-	482,738	482,738	242,123	12,480	254,603	-	737,341
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	7,158	-	(7,158)	-	-	-	-	-	-
Special reserve	-	-	-	16,455	(16,455)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(47,970)	(47,970)	-	-	-	-	(47,970)
Cash distributed from capital surplus	-	(112,690)	-	-	-	-	-	-	-	-	(112,690)
Treasury share retirement	(76,690)	(28,813)	-	-	(54,939)	(54,939)	-	-	-	160,442	-
Changes in ownership interests in subsidiaries	-	(13,496)	-	-	-	-	-	-	-	-	(13,496)
Changes in the investee's capital surplus	-	33,985	-	-	-	-	-	-	-	-	33,985
Balance at December 31, 2022	3,213,172	1,114,994	283,224	145,512	427,798	856,534	93,125	15,967	109,092	-	5,293,792
Profit	-	-	-	-	4,879	4,879	-	-	-	-	4,879
Other comprehensive income	-	-	-	-	-	-	13,160	19,337	32,497	-	32,497
Total comprehensive income	-	-	-	-	4,879	4,879	13,160	19,337	32,497	-	37,376
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	57,277	-	(57,277)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(145,512)	145,512	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(481,976)	(481,976)	-	-	-	-	(481,976)
Subsidiary issued convertible bonds	-	26,396	-	-	-	-	-	-	-	-	26,396
Changes in cnversion of convertible bonds in subsidiaries	-	43,914	-	-	-	-	-	-	-	-	43,914
Balance at December 31, 2023	**$ 3,213,172**	**1,185,304**	**340,501**	**-**	**38,936**	**379,437**	**106,285**	**35,304**	**141,589**	**-**	**4,919,502**

See accompanying notes to parent company only financial statements.

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

Hitron Technologies Inc.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar)

	For the years ended December 31,	
	2023	2022
Cash flows from operating activities:		
Profit before tax	$ 18,104	448,547
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	47,086	50,191
Amortization expense	30,430	24,959
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(4,475)	11,898
Finance costs	49,547	42,290
Expected credit (gain) loss	(16,929)	15,698
Interest income	(17,607)	(12,491)
Dividend income	(2,005)	(4,219)
Share of profit of equity-accounted investees	(486,861)	(1,127,805)
Unrealized profit (loss) from sales	(66,674)	192,081
Provisions for inventory obsolescence and devaluation loss	(4,046)	6,872
Total adjustments to reconcile profit	(471,534)	(800,526)
Changes in operating assets and liabilities:		
Accounts receivables	646,613	(427,368)
Accounts receivables from related parties	971,862	(1,090,063)
Other receivables	133,753	(456,993)
Other receivables from related parties	431,036	708,371
Inventories	(64,318)	(69,426)
Other operating assets	(2,302)	(35,337)
Contract liabilities	(6,792)	1,725
Accounts payables	(5,723)	168,226
Accounts payables to related parties	(1,397,834)	2,436,313
Other payables	(102,990)	92,986
Other payables to related parties	4,168	(30,437)
Provisions	(18,975)	28,595
Other current liabilities	(2,369)	151
Net defined benefit liability	-	545
Total changes in operating assets and liabilities	586,129	1,327,288
Total adjustments	114,595	526,762

(Continued)

See accompanying notes to parent company only financial statements.

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

Hitron Technologies Inc.

Statements of Cash Flows (Continued)

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar)

	For the years ended December 31,	
	2023	2022
Cash flows generated from operations	132,699	975,309
Interest received	17,428	12,753
Dividends received	2,005	4,219
Interest paid	(47,348)	(43,553)
Income taxes paid	(1,053)	(2,511)
Net cash flows from operating activities	103,731	946,217
Cash flows from investing activities:		
Repayments of financial assets at amortized cost	-	369,960
Proceeds from disposal of financial assets at fair value through profit or loss	32,259	-
Cash dividends from investments accounted for using equity method	85,721	106,331
Proceeds from capital reduction of investments accounted for using equity method	470,518	-
Acquisition of property, plant and equipment	(24,570)	(33,715)
Proceeds from disposal of property, plant and equipment	-	1,566
Refundable deposits	-	(64)
Acquisition of intangible assets	(21,077)	(82,650)
Other non-current assets	-	(569)
Decrease in prepayments for business facilities	-	23,902
Net cash flows from investing activities	542,851	384,761
Cash flows from financing activities:		
Repayments of short-term borrowings	(985,500)	(1,307,360)
Increase in long-term borrowings	700,000	-
Increase in guarantee deposits received	-	30
Payments of lease liabilities	(2,643)	(2,746)
Cash dividends paid distributed to shareholders	(481,976)	(160,659)
Net cash flows used in financing activities	(770,119)	(1,470,735)
Net decrease in cash and cash equivalents	(123,537)	(139,757)
Cash and cash equivalents at beginning of period	947,255	1,087,012
Cash and cash equivalents at end of period	**$ 823,718**	**947,255**

See accompanying notes to parent company only financial statements.

Hitron Technologies Inc.

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollar, Unless Otherwise Specified)

1. Company history

Hitron Technologies Inc. (the "Company") was incorporated on March 24, 1986 as a company limited by shares under the Company Act of the Republic of China (ROC). The Company is mainly engaged in system integration for communication products as well as the production and sale of telecommunication products. Qisda Corporation ("Qisda") is the ultimate parent of the Company.

2. Approval date and procedures of the financial statements

These parent-company-only financial statements were authorized for issue by the Board of Directors on February 26, 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 IFRS 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"

(Continued)

(3) The impact of IFRS issued by 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 parent-company-only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent-company-only 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 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 Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(Continued)

(3) Foreign currencies

A. Foreign currency transactions

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

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

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.

(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

(Continued)

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 are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be 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.

(Continued)

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 Gompany 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 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 (ECLs) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, accounts receivable, other receivables, guarantee deposit 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.

(Continued)

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset is breached of contract when the financial asset is more than 360 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as customer credit conditions default or overdue for more than the grace period for each category;
- For economic or contractual reasons relating to the borrower's financial difficulty, the Company granted to the borrower a concession that the Company would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

(Continued)

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. Based on past experience, it will not be possible to recover the overdue amount from the company account after 360 days.

(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 sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

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.

(Continued)

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital suplus is not sufficient to be written down).

(d) 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.

(e) 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.

(f) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet 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.

(Continued)

(7) Inventories

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

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

(8) Investment in subsidiaries

The investees which are controlled by the Company are measured under equity method in preparing the parent-company-only financial statement. There is no difference between net income and comprehensive income in the Company's parent company only financial statements and net income and comprehensive income attributable to stockholders of the parent. The equity in the Company’s parent company only financial statements and the equity attributable to stockholders of the parent in the Company's consolidated financial statements are also the same.

Changes in the Company’s ownership interests in a subsidiary that do not result in the Company losing of control over the subsidiary are accounted for as equity transaction.

(9) Property, plant and equipment

A. Recognition and measurement

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

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

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

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.

(Continued)

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

(a) Buildings and improvements 1~33 years

(b) Machinery and equipment 1~5 years

(c) Office and other facilities 1-5 years

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

(10) 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.

(Continued)

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 a extension or termination option; or

(e) there is any lease modification

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

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the 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 statement of balance sheets.

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.

(11) Intangible assets

A. Recognition and measurement

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

(Continued)

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 assets, less its residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of 3 to 5 years of intangible assets from the date on which they are available for use.

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

(12) 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.

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.

(Continued)

(13) 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. Warranties

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.

B. Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

(14) 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.

Sale of goods

The Company researches, develops, designs and manufactures wireless broadband network products. The Company recognizes revenue when control of the products has transferred. Transfer of control over the products means that the customer has full discretion over the products' distribution channels and prices, 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 is obliged to provide refunds for defect wireless broadband products under the standard warranty terms and has recognized a provision for such warranty; please refer to note 6(15) for details.

(Continued)

(15) 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 the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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

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

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

C. Short-term employee benefits

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

(16) 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. 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.

(Continued)

The amount of taxes payable or refundable is the best estimate measured using the statutory tax rate or substantively enacted on the reporting date.

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

A. Assets and liabilities that were not initially recognized in a business combination transaction, and, (1) affected neither accounting nor taxable profits (losses);

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 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 taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, 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 legally 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 entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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; such reductions are reversed when the probability of future taxable profits improves.

(17) Earnings per share

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

(Continued)

(18) Operating segment

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 consolidated financial statements in conformity with the Regulations and the IFRS endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 to the carrying amounts of assets and liabilities within the next financial year is as follows:

Valuation of inventories

As inventories are stated at the lower of costs or net realizable values, the Company estimates net realizable values of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the costs 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 repaid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(5) for the valuation of inventory.

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data. For the assumption adopted in fair value measurement, please refer to note 6(26) “ Financial instruments”.

(Continued)

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 500	344
Checking and savings accounts	723,218	896,911
Time deposits	100,000	50,000
	$ 823,718	**947,255**

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 at fair value through profit or loss

	December 31, 2023	December 31, 2022
Current financial assets at FVTPL, mandatorily measured at fair value:		
Derivative instruments not used for hedging		
Forward exchange contracts	$ 122	344
Non-derivative financial instruments		
Listed shares	5,989	33,773
	$ 6,111	**34,117**

	December 31, 2023	December 31, 2022
Current financial liabilities at FVTPL, mandatorily measured at fair value:		
Derivative instruments not used for hedging		
Forward exchange contracts	**$ -**	**7,329**

The Company uses derivative financial instruments to hedge the certain foreign exchange and interest rate risk the Company exposures arising from its operating, financing and investing 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		
	Notional amount (in thousands of NTD)	**Currency**	**Maturity date**
Forward exchange contracts	EUR 1,700	EUR to NTD	2024.03.27

(Continued)

	December 31, 2022			
	Notional amount (in thousands of NTD)		Currency	Maturity date
Forward exchange contracts	EUR	4,770	EUR to NTD	2023.01.11~2023.02.10
Forward exchange contracts	EUR	3,575	EUR to USD	2023.03.10~2023.03.24
Forward exchange contracts	USD	5,500	USD to NTD	2023.02.10~2023.03.10

(3) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity instruments at fair value through other comprehensive income:		
Domestic unlisted shares–CHAO LONG MOTOR PARTS CORP.	**$ 51,152**	**31,815**

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for the long term strategic purposes.

As of December 31, 2023 and 2022, the above-mentioned financial assets were not pledged as security.

(4) Notes and accounts receivable, net (Including Related Parties)

	December 31, 2023	December 31, 2022
Accounts receivables – measured as amortized cost	$ 2,061,222	3,679,697
Less: loss allowances	(7,782)	(24,711)
	$ 2,053,440	**3,654,986**

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.

(Continued)

The Company's expected credit losses (ECLs) on notes and accounts receivable (including related parties) are analyzed as follows:

	December 31, 2023		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,985,471	0.00%	-
Less than 90 days past due	60,278	7.78%	4,688
91 to 180 days past due	3,716	20.00%	743
More than 181 days past due	11,757	20.00%	2,351
	$ 2,061,222		**7,782**

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 3,305,514	0.00%	-
Less than 90 days past due	374,094	6.60%	24,693
91 to 180 days past due	89	20.22%	18
	$ 3,679,697		**24,711**

The movements in the loss allowance for notes and accounts receivable were as follows:

	For the years ended December 31,	
	2023	**2022**
Balance at January 1	$ 24,711	9,013
(Reversal of) impairment losses	(16,929)	15,698
Balance at December 31	**$ 7,782**	**24,711**

(5) Inventories

	December 31, 2023	**December 31, 2022**
Raw materials	$ 103,914	34,600
Work in progress and semi-finished goods	-	269
Finished goods and merchandises	40,497	45,359
Inventory in transit	28,018	23,837
	$ 172,429	**104,065**

(Continued)

Components of operating costs were as below:

	For the years ended December 31, 2023	2022
Cost of goods sold	$ 5,947,361	9,476,837
(Gains on reversal) of losses on inventory write-downs, obsolescence and write-offs	(4,046)	6,872
Total	**$ 5,943,315**	**9,483,709**

As of December 31, 2023 and 2022, none of the Company's inventories was pledged as security.

(6) Investment in equity-accounted investees

	December 31, 2023	December 31, 2022
Subsidiaries	$ 4,250,881	4,236,789
Unrealized profit (loss) from sales	(261,610)	(328,284)
	$ 3,989,271	**3,908,505**

A. Subsidiaries

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

B. The Company's shares of the net income of subsidiaries were as follow:

	December 31, 2023	December 31, 2022
Subsidiaries	**$ 486,861**	**1,127,805**

C. Security

As at December 31, 2023 and 2022, none of the Company's investments in equity-accounted investees was pledged as collateral.

(7) Property, plant and equipment

The movements in the costs, depreciation, and impairment losses in respect of the Company's property, plant and equipment were as follows:

	Buildings	Machinery and equipment	Miscellaneous equipment	Total
Cost or deemed costs:				
Balance at January 1, 2023	$ 295,425	32,672	158,234	486,331
Additions	-	7,420	17,150	24,570
Balance at December 31, 2023	**$ 295,425**	**40,092**	**175,384**	**510,901**
Balance at January 1, 2022	$ 295,425	31,396	143,774	470,595
Additions	-	1,574	32,141	33,715
Disposals	-	(298)	(17,681)	(17,979)
Balance at December 31, 2022	**$ 295,425**	**32,672**	**158,234**	**486,331**

(Continued)

		Buildings	Machinery and equipment	Miscellaneous equipment	Total
Depreciation:					
Balance at January 1, 2023	$	163,307	18,788	100,335	282,430
Depreciation		5,226	6,842	32,204	44,272
Balance at December 31, 2023	$	**168,533**	**25,630**	**132,539**	**326,702**
Balance at January 1, 2022	$	155,701	12,725	82,727	251,153
Depreciation		7,605	6,361	33,723	47,689
Disposals		-	(298)	(16,115)	(16,413)
Balance at December 31, 2022	$	**163,306**	**18,788**	**100,335**	**282,429**
Carrying amounts:					
Balance at December 31, 2023	$	**126,892**	**14,462**	**42,845**	**184,199**
Balance at January 1, 2022	$	**139,724**	**18,671**	**61,047**	**219,442**
Balance at December 31, 2022	$	**132,119**	**13,884**	**57,899**	**203,902**

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

(8) Right-of-use assets

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

		Land	Buildings	Transportation equipment	Total
Cost:					
Balance at January 1, 2023	$	23,098	1,684	2,064	26,846
Additions		-	610	-	610
Disposals		-	(610)	(528)	(1,138)
Balance at December 31, 2023	$	**23,098**	**1,684**	**1,536**	**26,318**
Balance at January 1, 2022	$	23,098	610	1,531	25,239
Additions		-	1,074	1,536	2,610
Disposals		-	-	(1,003)	(1,003)
Balance at December 31, 2022	$	**23,098**	**1,684**	**2,064**	**26,846**
Depreciation of right-of-use assets:					
Balance at January 1, 2023	$	1,155	789	709	2,653
Depreciation		1,155	1,147	512	2,814
Disposals		-	(610)	(411)	(1,021)
Balance at December 31, 2023	$	**2,310**	**1,326**	**810**	**4,446**
Balance at January 1, 2022	$	-	610	1,154	1,764
Depreciation		1,155	789	558	2,502
Disposals		-	(610)	(1,003)	(1,613)
Balance at December 31, 2022	$	**1,155**	**789**	**709**	**2,653**

(Continued)

	Land	Buildings	Transportation equipment	Total
Carrying amount:				
Balance at December 31, 2023	$ 20,788	358	726	21,872
Balance at January 1, 2022	$ 23,098	-	377	23,475
Balance at December 31, 2022	$ 21,943	895	1,355	24,193

(9) Intangible asset

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2023 and 2022, were as follow:

	Software Cost	Other Intangible Assets	Total
Cost:			
Balance at January 1, 2023	$ 91,930	38,346	130,276
Additions	8,518	12,559	21,077
Reclassification	3,960	13,594	17,554
Balance at December 31, 2023	$ **104,408**	**64,499**	**168,907**
Balance at January 1, 2022	$ 14,462	37,421	51,883
Additions	81,360	1,290	82,650
Disposal	(3,892)	(365)	(4,257)
Balance at December 31, 2022	$ **91,930**	**38,346**	**130,276**
Amortization and impairment:			
Balance at January 1, 2023	$ 20,458	31,232	51,690
Amortization	20,279	10,151	30,430
Balance at December 31, 2023	$ **40,737**	**41,383**	**82,120**
Balance at January 1, 2022	$ 9,187	21,800	30,987
Amortization	15,162	9,797	24,959
Disposals	(3,892)	(365)	(4,257)
Balance at December 31, 2022	$ **20,457**	**31,232**	**51,689**
Carrying amount			
Balance at December 31, 2023	$ **63,671**	**23,116**	**86,787**
Balance at January 1, 2022	$ **5,275**	**15,621**	**20,896**
Balance at December 31, 2022	$ **71,473**	**7,114**	**78,587**

(Continued)

A. Amortization

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

	For the years ended December 31, 2023	2022
Operating expense	$ **30,430**	**24,959**

B. Collateral

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

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

The Company's other current assets and non-current assets were as follows:

	December 31, 2023	December 31, 2022
Business taxes carry forward	$ 30,246	30,047
Prepaid insurance premiums	11,069	10,826
Restricted bank deposits (note 8)	2,382	2,382
Prepaid pension cost (note 6 (16))	2,307	1,463
Guarantee deposits	341	2,451
Prepayments for equipment	240	15,515
Prepayments to suppliers	166	13,531
Others	20,060	14,035
	$ **66,811**	**90,250**
Other current assets	$ 61,540	68,439
Other non-current assets	5,271	21,811
	$ **66,811**	**90,250**

(11) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ **184,500**	**1,170,000**
Unused short-term credit lines	$ **6,500,250**	**5,289,640**
Range of interest rates	**6.24%**	**1.87%~ 2.01%**

(Continued)

(12) Other payables

	December 31, 2023	December 31, 2022
Payroll	$ 42,083	143,271
Payables on machinery and equipment	6,178	15,755
Others	48,379	40,604
	$ 96,640	**199,630**

(13) Long-term borrowings

	December 31, 2023			
	Currency	**Range of interest rates**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	1.79050%	2025 (note 1)	$ 300,000
	NTD	1.89617%	2026 (note 2)	400,000
Subtotal				700,000
Less: current portion				-
Total				**$ 700,000**
Unused credit lines				**$ 100,000**

Note 1: Subsequent installments are due every 6 months, with the principal repaid in 2 equal installments. The repayment deadline for the amounts drawn down should be no later than 2 years after the date of initial drawdown.

Note 2: The 1st principal repayment is due 2 years after the date of the 1st drawdown. Subsequent installments are due every 6 months. The principal shall be repaid in 3 equal installments. 20% of the outstanding principal shall be repaid in the lst and 2nd installments. The outstanding principal balance shall be repaid in full in the 3rd installment. Interest is charged on a monthly basis.

In 2023, long-term loan agreements were entered into with the Export-Import Bank of the Republic of China and KGI Bank. The financial commitments for the loan with KGI Bank were as follows (i.e., after the initial drawdown, the following financial ratios shall be maintained for the duration of the facility):

A. Current ratio (Current assets/current liabilities): Not lower than 100%.

B. Leverage Ratio (total liabilities/net value): should not exceed 150%.

C. (Cash and cash equivalents + annualized EBITDA)/(short-term borrowings + medium- and long-term borrowings due within 1 year) should not be less than 1.

(Continued)

Examined once every half year, the financial commitment ratios above are based on the consolidated annual and semi-annual financial statements audited or reviewed by independent auditors. Any breach of the above-mentioned financial commitments during the loan period will result in immediate and full settlement. As of the balance sheet date of this report, there was no risk of breach.

(14) Lease liabilities

	December 31, 2023	December 31, 2022
Current	$ **1,884**	**2,151**
Non-current financial assets	$ **20,358**	**22,241**

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	$ **421**	**436**
Expenses relating to short-term leases and leases of low-value assets	$ **12,993**	**11,055**

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	$ **16,057**	**14,237**

The Company leased assets comprise land, buildings and structures, transportation equipment and other equipment, and the lease contracts run for a period of 2 to 39 years. The lease contracts do not impose covenants, but leased assets may not be used as security for borrowings.

(15) Provisions

	Warranties	Onerous contracts	Total
Balance at January 1, 2023	$ 20,426	23,225	43,651
Provisions made during the year	7,664	-	7,664
Provisions used during the year	(14,646)	(11,993)	(26,639)
Balance at December 31, 2023	$ **13,444**	**11,232**	**24,676**
Balance at January 1, 2022	$ 15,056	-	15,056
Provisions made during the year	21,378	23,225	44,603
Provisions used during the year	(16,008)	-	(16,008)
Balance at December 31, 2022	$ **20,426**	**23,225**	**43,651**

(Continued)

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

	December 31, 2023	December 31, 2022
Current	$ 24,676	43,651

During 2023 and 2022, the provision for warranties relates mainly to sales of products and rendering of services. The provision was estimated based on historical warranty data associated with similar products and services. The Company expects the majority of the liability to occur over the next year.

Provisions for irrevocable onerous contracts entered into by the Company and its vendors are to provide for the present contractual obligations, namely the excess of expected inevitable costs of fulfilling the performance obligations to the expected economic benefits.

(16) Employee benefits

A. Defined benefit plans

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

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ (1,505)	(1,424)
Fair value of plan assets	3,812	3,733
Net defined benefit assets (note 6(10))	$ 2,307	2,309

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. 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 local banks.

During January 2023, the Company applied to the competent authority for the suspension of contribution of pension reserve. As of the reporting date, the balance of the Company's labor pension reserve account with the Bank of Taiwan amounted to $3,812 thousand. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

(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:

		For the years ended December 31, 2023	2022
Defined benefit obligations at January 1	$	(1,424)	(1,987)
Interest expenses		(21)	(18)
Remeasurements of net defined benefit liabilities (assets):			
- Actuarial gains (losses) arising from changes in financial assumptions		(46)	(76)
- Actuarial gains (losses) arising from experience adjustments		(14)	657
Defined benefit obligation as of December 31	**$**	**(1,505)**	**(1,424)**

(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:

		For the years ended December 31, 2023	2022
Fair value of plan assets as of January 1	$	3,733	3,437
Interest income		56	31
Remeasurements of the net defined benefit liabilities (asset):			
Return on plan assets		23	265
Fair value of plan assets as of December 31	**$**	**3,812**	**3,733**

(d) Expenses recognized in profit or loss

For 2023 and 2022, the expenses (gains) recognized in profit (loss) were as follows:

		For the years ended December 31, 2023	2022
Net interest on net defined benefit liabilities	**$**	**(35)**	**(13)**
Research and development expenses	**$**	**(35)**	**(13)**
Return on plan assets	**$**	**79**	**296**

(Continued)

(e) Actuarial assumptions

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

	December 31, 2023	December 31, 2022
Discount rate	1.30%	1.50%
Future salary growth rate	3.00%	3.00%

The weighted average duration of the defined benefit plans is for 15.6 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	$ (58)	60
Future salary growth rate	$ 55	(53)
December 31, 2022		
Discount rate	$ (58)	60
Future salary growth rate	$ 56	(54)

Assuming that all other assumptions remain constant, the above-mentioned sensitivity analysis focuses on the impact of a single assumption. In practice, many assumptions are correlated to each other. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

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 contribute 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.

During 2023 and 2022, the pension expenses under the defined pension contribution plans amounted to $14,437 thousand and $13,462 thousand, respectively.

(Continued)

(17) Income taxes

A. Income tax expenses (benefits)

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

		2023	2022
Current tax expenses			
Adjustment for prior periods		-	1,550
		-	1,550
Deferred tax expenses			
Origination and reversal of temporary differences		13,225	(35,196)
Income tax expense (benefit) on continuing operations	$	**13,225**	**(33,646)**

For 2023 and 2022, the income tax expense (benefit) recognized in other comprehensive income were as follows:

		For the years ended December 31,	
		2023	2022
Components of other comprehensive income that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	$	**-**	**(136)**

Reconciliations of income tax and income before income tax for the years ended December 31, 2023 and 2022 were as follows:

		For the years ended December 31,	
		2023	2022
Profit before tax	$	**18,104**	**448,547**
Income taxes at the Company’s domestic tax rate		3,621	89,709
Overestimate (underestimate) for the prior periods		-	1,550
Change in temporary differences		13,225	(35,196)
Change in unrecognized temporary differences		(3,621)	(89,709)
Income tax expense (benefits)	$	**13,225**	**(33,646)**

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax asset

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

		December 31, 2023	December 31, 2022
Deductible temporary differences	$	**27,465**	**31,086**

(Continued)

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

As of December 31, 2023, Hitron Technologies' unused tax losses for which no deferred tax assets were recognized and the expiry dates were as follows:

Year	Expiry year	Amount deductible
2023 (amount filed)	2033	$ 137,327

(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	In profit or loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2022	In profit or loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2023
Unrealized foreign exchange losses	$ 4,201	4,047	-	-	8,248	3,435	-	-	11,683
Unrealized profit (loss) from sales	27,241	38,416	-	-	65,657	(13,335)	-	-	52,322
Provisions	3,012	5,719	-	-	8,731	(3,796)	-	-	4,935
Losses on equity-accounted investments	3,200	(3,200)	-	-	-	3,312	-	-	3,312
Tax losses carried forward	-	-	-	-	-	151,565	-	-	151,565
Investment tax credits	-	-	-	-	-	22,491	-	-	22,491
Others	436	3,983	-	-	4,419	(3,836)	-	-	583
	$ 38,090	48,965	-	-	87,055	159,836	-	-	246,891

Deferred tax liabilities

	January 1, 2022	In profit or loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2022	In profit or loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2023
Unrealized foreign exchange gains	$ (3,756)	(13,769)	-	-	(17,525)	995	-	-	(16,530)
Defined benefit plans	(1,600)	-	(136)	-	(1,736)	-	-	-	(1,736)
Repatriation of dividends from subsidiaries	-	-	-	-	-	(174,056)	-	-	(174,056)
	$ (5,356)	(13,769)	(136)	-	(19,261)	(173,061)	-	-	(192,322)

As of December 31, 2023, the Company's income tax returns for the years up to 2021 were assessed by the Tax Administration.

(Continued)

(18) Capital and other equity

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

	Ordinary share capital	
	2023	**2022**
Balance on January 1	321,317	328,986
Less: treasury shares canceled	-	(7,669)
Balance on December 31	**321,317**	**321,317**

A. Issue of ordinary shares

As of December 31, 2023 and 2022, the Company's authorized share capital amounted to $4,000,000 thousand (including $30,000 thousand reserved for employee stock option plan and conversion of convertible bond into shares); the issued capital amounted to $3,213,172 thousand during both years.

On December 19, 2018, a resolution to issue shares by way of private placement to increase capital was passed in a temporary meeting of the Company's shareholders. On December 12, 2019, the Board of Directors resolved to issue 100,000 thousand shares through a private placement for a subscription price of $16.11 per share, and the proceeds totaled $1,611,000 thousand in cash. According to the Securities and Exchange Act, the transfer of such privately placed ordinary shares within three years from the delivery date is forbidden. Three years after delivery, such shares may apply for listing only after public offering. Except for that, such shares are the same as other ordinary shares that have been issued. Public issuance has been applied for the aforesaid transactions to the competent authority, which was approved and declared effective by the competent authority on May 10, 2023.

B. Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Share premium	$ 742,718	742,718
Premium on convertible bond	279,668	279,668
Changes in ownership interests in subsidiaries	160,202	89,892
Employee share options	2,480	2,480
Others	236	236
	$ 1,185,304	**1,114,994**

(Continued)

According to the ROC 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.

On February 25, 2022, the Company’s board of directors resolved to distributed cash dividends of $112,690 thousand ($0.35 per share) from capital surplus. The amounts, as resolved by the board of directors, are identical to those of the actual distributions. Related information is available on the Market Observation Post System website.

C. Retained earnings

The Company’s Articles of Incorporation stipulate that the Company’s net earnings shall first be used to offset prior years’ losses, if any, before paying any income taxes. Of the remaining portion, 10% is to be appropriated as legal reserve, unless the amount of the legal reserve has already reached the Company’s paid-in capital. In addition, special reserve shall be appropriated according to laws and regulations as well as the Company’s operating needs. After the above appropriations, the remainder plus prior-period earnings that remain undistributed, will be proposed for distribution by the Board of Directors, and a meeting of shareholders will be held to decide on this matter. The above-mentioned distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and be reported in a shareholder meeting.

(a) Legal reserve

As stipulated by the R.O.C. Company Act, 10% of a company’s net profit after tax shall be appropriated as legal reserve until the amount of accumulated legal reserve equals that of total paid-in capital. 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 the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders’ equity.

(Continued)

D. Earnings distribution

On February 23, 2023 and February 25, 2022, the Company's board of directors resolved earnings appropriation for 2022 and 2021. The amounts of cash dividends were resolved as follows:

	2022		2021	
	Dividends per share (in dollars)	**Amount**	**Dividends per share (in dollars)**	**Amount**
Legal reserve		$ 57,277		7,158
(Reversal of) special reserve		$ (145,512)		16,455
Dividends distributed to preference shareholders				
Cash (dividends were $1.50 and $0.15 per share)		$ 481,976		47,969

The amounts, as resolved by the board of directors for 2022 and 2021, were identical to those of the actual distributions. Related information is available on the Market Observation Post System website.

On February 26, 2024, the Company's board of directors resolved earnings appropriation and cash payment from capital surplus for 2023. The amounts of dividends to owners were resolved as follows:

	2023	
	Amount per share (in dollars)	**Amount**
Dividends distributed to preference shareholders		
Cash dividends	0.12	37,903
Cash payment from capital surplus	0.18	58,492
Total		$ 96,395

E. Treasury shares

In December 2018, the Company's board of directors resolved to repurchase 7,669 thousand treasury shares to transfer them to employees. In February 2022, the board of directors resolved to cancel the shares, and the cancellation procedures were completed in March 2022.

(Continued)

F. Other equity and non-controlling interest

	Differences on translation of foreign operation financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance at 1 January 2023	$ 93,125	15,967	109,092
Exchange differences on translation of foreign financial statements	13,160	-	13,160
Unrealized gains (losses) from financial assets measured at FVOCI	-	19,337	19,337
Balance at 31 December 2023	**$ 106,285**	**35,304**	**141,589**
Balance at 1 January 2022	$ (148,998)	3,487	(145,511)
Exchange differences on translation of foreign financial statements	242,123	-	242,123
Unrealized gains (losses) from financial assets measured at FVOCI	-	12,480	12,480
Balance at 31 December 2022	**$ 93,125**	**15,967**	**109,092**

(19) Earnings per share

A. Basic earnings per share

	For the years ended December 31, 2023	2022
Profit/(loss) of the Company for the year	**$ 4,879**	**482,193**
Weighted-average number of ordinary shares outstanding (in thousands of shares)	**321,317**	**321,317**
Basic earnings per share (in dollars)	**$ 0.02**	**1.50**

B. Diluted earnings per share

	For the years ended December 31, 2023	2022
Profit/(loss) of the Company for the year	**$ 4,879**	**482,193**
Weighted-average number of ordinary shares outstanding (in thousands of shares) (basic)	$ 321,317	321,317
Effect of share-based employee remuneration	51	2,167
Weighted-average number of ordinary shares outstanding (in thousands of shares) (diluted)	**$ 321,368**	**323,484**
Diluted earnings per share (in dollars)	**$ 0.02**	**1.49**

(Continued)

(20) Revenue from contracts with customers

A. Disaggregation of revenues

	For the years ended December 31, 2023	2022
Primary geographical markets:		
America	$ 4,879,329	8,025,584
Taiwan	652,092	667,892
Europe	380,591	1,034,160
Asia	302,411	220,124
Oceania	-	12
	$ 6,214,423	9,947,772

	For the years ended December 31, 2023	2022
Main products:		
Wireless broadband network products	$ 6,105,483	9,756,783
Service revenue	108,940	190,989
	$ 6,214,423	9,947,772

B. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (from related parties), net	$ 2,053,440	3,654,986	2,153,253
Contract liabilities	$ -	6,792	5,067

Please refer to note 6(4) for the details on accounts receivable and impairment.

Please refer to note 6(15) for disclosure of onerous contracts as of December 31, 2023 and 2022.

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were $6,792 thousand and $5,067 thousand, respectively.

(21) Employee and director remunerations

The Company's Articles of Incorporation stipulate that if the Company has annual profit, 5% to 20% thereof shall be appropriated as employee remuneration and a maximum of 1% shall be appropriated as director remunerations. If the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash include the employees of the affiliated companies under certain conditions stipulated by the Chairman.

(Continued)

For 2023 and 2022, the Company estimated employee remuneration at $1,743 thousand and $50,577 thousand, and estimated director remuneration at $131 thousand and $3,793 thousand, respectively. The estimates, recognized as operating costs or operating expenses, were calculated based on the Company's profit before tax (before deducting employee and director remunerations), multiplied by the percentages of employee and director remuneration specified in the Company's Articles of Incorporation. If the actual amounts differ from the estimated amounts, the differences shall be treated as changes in accounting estimates and recognized as profit or loss in the subsequent year. However, if the Board of Directors resolved that the employee remuneration shall be distributed in the form of shares, the closing price of the ordinary share on the previous day of the board meeting shall be used in calculating the number of shares. Relevant information is available on the Market Observation Post System website.

For 2022, the Company recognized employee and director remunerations of $50,577 thousand and $3,793 thousand, however, the board of directors resolved to distribute $50,292 thousand and $3,772 thousand, respectively. The amounts of employee and director remunerations for 2021, as resolved by the board of directors, were identical to those of the actual distributions. Related information is available on the Market observation Post System website.

(22) Other gains and losses

The Company's other gains and losses for 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Foreign exchange gain (loss), net	$ (24,107)	(37,706)
Gain (losses) on financial assets (liabilities) at fair value through profit or loss, net	4,475	(3,542)
Other gains (losses), net	(6,149)	(138)
	$ (25,781)	**(41,386)**

(23) 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**
Bank deposits	$ 15,827	7,134
Loans	1,780	5,357
	$ 17,607	**12,491**

(Continued)

(24) 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
Rental income	$ 1,109	1,109
Dividend income	2,005	4,219
Other income	9,972	7,662
	$ 13,086	**12,990**

(25) Finance costs

During 2023 and 2022, the Company’s finance costs were as follows:

	For the years ended December 31, 2023	2022
Interest expense of borrowings, etc.	$ 49,126	41,854
Interest expense of lease liability	421	436
	$ 49,547	**42,290**

(26) Financial instruments

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

The major customers of the Company are related to network communication industries. The Company generally credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Company is mainly influenced by the network communication industry. As of December 31, 2023 and 2022, 59% and 83% respectively of the Company’ s accounts receivable (including related parties) were from the top 5 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 associated with receivables

Risk exposure information for accounts receivable, please refer to note 6(4).

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 losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(6).

(Continued)

B. Liquidity risk

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

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	More than 5 years
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	$ 184,500	(184,500)	(184,500)	-	-
Accounts payable (Included related-parties)	1,979,736	(1,979,736)	(1,979,736)	-	-
Other payables (Included related parties)	137,777	(137,777)	(137,777)	-	-
Lease liabilities (current and non-current)	22,242	(25,834)	(2,263)	(5,714)	(17,857)
Long-term borrowings	700,000	(732,603)	(12,956)	(719,647)	-
Derivative financial liabilities					
Forward exchange contracts:					
Inflows	(122)	57,571	57,571	-	-
	$ 3,024,133	**(3,002,879)**	**(2,259,661)**	**(725,361)**	**(17,857)**
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	$ 1,170,000	(1,170,000)	(1,170,000)	-	-
Contract liability	6,792	(6,792)	(6,792)	-	-
Accounts payable (Included related parties)	3,383,293	(3,383,293)	(3,383,293)	-	-
Other payables (Included related parties)	236,599	(236,599)	(236,599)	-	-
Lease liabilities (current and non-current)	24,392	(28,401)	(2,567)	(6,603)	(19,231)
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	7,329	(199,841)	(199,841)	-	-
Inflows	(344)	242,563	242,563	-	-
	$ 4,828,061	**(4,782,363)**	**(4,756,529)**	**(6,603)**	**(19,231)**

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	$ 18,978	30.75	583,574	146,256	30.73	4,494,447
EUR	23	34.03	783	8,394	32.82	275,491

(Continued)

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Non-monetary items						
USD	106,692	30.75	3,280,781	105,752	30.75	3,251,875
EUR	1,959	34.03	66,652	3,074	34.03	104,624
Financial liabilities						
Monetary items						
USD	9,674	30.75	297,476	111,422	30.73	3,423,998

(b) Sensitivity analysis

The exposure of the Company’ s monetary items to currency risks arises mainly from foreign exchange gains (losses) on cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, accounts payable, and other payables denominated in foreign currencies. A 5% appreciation (depreciation) of NTD against USD, Euro and VND as of December 31, 2023 and 2022, with all other variables remaining constant, would have increased or decreased the profit after tax for 2023 and 2022 by $14,344 thousand and $67,297 thousand, respectively. The analysis is performed on the same basis for 2023 and 2022.

(c) Foreign exchange gains and losses on monetary items

As the Company has various functional currencies, its foreign exchange gains (losses) arising from monetary items are disclosed on an aggregate basis. During 2023 and 2023, (realized and unrealized) foreign exchange gains (losses) amounted to $(24,107) thousand and $(37,706) thousand.

D. Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities. The following sensitivity analysis was based on interest rate exposure. 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 tax would have increased or decreased by $(152) thousand and $(557) thousand respectively during 2023 and 2022, with all other variables remaining constant. The movements were mainly due to the Company’ s cash and cash equivalents, short-term borrowings and long-term borrowings with variable interest rates.

(Continued)

E. Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Securities price on the reporting date	For the years ended December 31, 2023	2022
Financial assets at FVTPL		
5% increase	$ 299	1,689
5% decrease	$ (299)	(1,689)
Financial assets at FVOCI		
5% increase	$ 2,558	1,591
5% decrease	$ (2,558)	(1,591)

F. Fair value information

(a) Categories and fair values of financial instruments

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				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Financial assets at FVTPL, mandatorily measured at fair value–derivative financial assets	$ 122	-	122	-	122
Financial assets at FVTPL, mandatorily measured at fair value–shares	5,989	5,989	-	-	5,989
Non-current financial assets at FVOCI	51,152	-	-	51,152	51,152
Subtotal	$ 57,263	5,989	122	51,152	57,263

(Continued)

	December 31, 2023				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	$ 823,718	-	-	-	-
Accounts receivable (Included related parties)	2,053,440	-	-	-	-
Other receivables (Included related parties)	458,668	-	-	-	-
Subtotal	**$ 3,335,826**	**-**	**-**	**-**	**-**
Financial liabilities at amortized cost					
Accounts payable (Included related parties)	$ 1,979,736	-	-	-	-
Other payables (Included related parties)	137,777	-	-	-	-
Short-term borrowings	184,500	-	-	-	-
Lease liabilities (current and non-current)	22,242	-	-	-	-
Long-term borrowings	700,000	-	-	-	-
Subtotal	**$ 3,024,255**	**-**	**-**	**-**	**-**

	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Financial assets at FVTPL, mandatorily measured at fair value–derivative financial assets	$ 344	-	344	-	344
Financial assets at FVTPL, mandatorily measured at fair value–shares	33,773	33,773	-	-	33,773
Non-current financial assets at FVOCI	31,815	-	-	31,815	31,815
Subtotal	**$ 65,932**	**33,773**	**344**	**31,815**	**65,932**

(Continued)

	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 947,255	-	-	-	-
Notes and accounts receivable (Included related parties)	3,654,986	-	-	-	-
Other receivables	1,023,278	-	-	-	-
Subtotal	**$ 5,625,519**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value under repetitive basis					
Financial liabilities at FVTPL–derivative financial liabilities	**$ 7,329**	**-**	**7,329**	**-**	**7,329**
Financial liabilities at amortized cost					
Short-term borrowings	1,170,000	-	-	-	-
Notes and accounts receivable (Included related parties)	3,383,293	-	-	-	-
Other payables (Included related parties)	236,599	-	-	-	-
Lease liabilities (current and non-current)	24,392	-	-	-	-
Subtotal	**$ 4,814,284**	**-**	**-**	**-**	**-**

Fair value measured on a non-recurring basis refers to fair value measurement under certain conditions. The Company does not have financial assets and liabilities that are measured at fair value on a non-recurring basis.

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

i. Non-derivative financial instruments

Fair values of financial instruments were measured based on quoted market prices if these prices were available in active markets. The prices of financial instruments quoted by main exchanges and popular bonds quoted by the Taipei Exchange can be adopted as a benchmark to determine the fair values of equity instruments issued by listed entities and quoted debt instruments with an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm' s-length basis. Otherwise, the market is deemed to be inactive. Only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

(Continued)

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

Shares in listed companies are financial assets and financial liabilities with standard terms and conditions and are traded in active markets, and their fair values are determined with reference to quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

The fair values of the Company's financial instruments without an active market are presented according to categories and attributes as follows:

The fair values of equity instruments without a public quoted price are measured based on net asset values of comparable companies. The main assumption is based on the market multiples derived from investees' net value per share and quoted prices of EV/EBIT's comparable listed companies. The estimate has been adjusted for the discount on equity securities arising from lack of liquidity.

ii. Derivative financial instruments

Fair value of forward currency is usually determined by the forward currency exchange rate.

(c) During 2023 and 2022, there was no transfer between levels of the fair value hierarchy.

(d) Reconciliation of Level 3 fair values

		Fair value through other comprehensive income
Balance on January 1, 2023	$	31,815
Unrealized gains from investments in equity instruments measure at fair value through other comprehensive income		19,337
Balance on January 1, 2023	**$**	**51,152**
Balance on January 1, 2022	$	19,335
Unrealized gains from investments in equity instruments measure at fair value through other comprehensive income		12,480
Balance on December 31, 2022	**$**	**31,815**

(Continued)

(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 investments in financial assets at FVOCI.

As of December 31, 2023 and 2022, quantified information on 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 – equity investments without an active market	P/B ratio method	P/B ratios of industry peers (1.75 and 1.61 as of December 31, 2023 and 2022, respectively)	The higher the P/B ratio, the higher the fair value.
		Market liquidity discount rate (23.21% and 19.30% as of December 31, 2023 and 2022, respectively)	The higher the discount for lack of marketability, the lower the fair value.

(27) Financial risk management

A. Overview

The Company have 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. Please refer to the notes for further quantitative disclosures.

B. Risk management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported regularly to the Board of Directors on its activities.

(Continued)

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 debt 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) Investment

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. As of December 31, 2023 and 2022, except for the subsidiaries, the Company did not provide any endorsement guarantee.

D. Liquidity risk

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue 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.

Bank borrowing is an essential liquidity source for the Company. Please refer to note 6(11) and (13) for the Company's unused credit lines for short-term and long-term borrowings as of December 31, 2023 and 2022.

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.

(Continued)

The Company trades derivative instruments, and 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 is exposed to currency risk associated with sales, purchases, and borrowings denominated in a currency other than the functional currencies of the Company. These transactions are primarily denominated in NTD, USD, and RMB.

The derivate financial products traded by the Company adopt 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 offset 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 its 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 total net debt divided by the total capital.

The net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity include 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	$ 3,244,941	4,895,175
Less: Cash and cash equivalents	(823,718)	(947,255)
Net debt	**$ 2,421,223**	**3,947,920**
Total equity	**$ 4,919,502**	**5,293,792**
Debt-to-equity ratio	**49.22%**	**74.58%**

(Continued)

(29) Non-cash investing and financing activities

The Company's investing and financing activities which did not affect the current cash flow were as follows:

A. For right-of-use assets obtained due to lease, please refer to note 6(8).

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

	January 1, 2023	Cash flows	Exchange rate movements and others	December 31, 2023
Short-term borrowings	$ 1,170,000	(985,500)	-	184,500
Long-term borrowings (including maturity within 1 year)	-	700,000	-	700,000
Lease liabilities	24,392	(2,643)	493	22,242
Total liabilities from financing activities	**$ 1,194,392**	**(288,143)**	**493**	**906,742**

	January 1, 2022	Cash flows	Exchange rate movements and others	December 31, 2023
Short-term borrowings	$ 2,477,360	(1,307,360)	-	1,170,000
Lease liabilities	23,482	(2,746)	3,656	24,392
Total liabilities from financing activities	**$ 2,500,842**	**(1,310,106)**	**3,656**	**1,194,392**

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Alpha Networks lnc. (Alpha) is the Company' s parent and Qisda Corporation (Qisda) is the Company' s ultimate controlling party. Alpha held 62.24% of the Company' s outstanding shares. Consolidated financial statements have been prepared for public use.

(2) Names and relationship with the Group

The followings are entities that have had transactions with related party during the periods covered in the parent-company-only financial statement:

Name of related party	Relationship with the Group
Qisda Corporation (Qisda)	Ultimate parent
Alpha Networks lnc. (Alpha)	Parent
Interactive Digital Technologies Inc. (Interactive Digital)	The Company's subsidiary

(Continued)

Name of related party	Relationship with the Group
Innoauto Technologies Inc.(Innoauto Technologies)	The Company's subsidiary
Hitront Technologies (America) Inc. (Hitron America)	The Company's subsidiary
Hitron Technologies Europe Holding B.V. (Hitron Europe)	The Company's subsidiary
Hitron Technologies (Vietnam) Inc. (Hitron Vietnam)	The Company's subsidiary
Hitron Technologies (SIP) Inc. (Hitron Suzhou)	The Company's subsidiary
Jietech Trading (Suzhou) Inc. (Jietech Suzhou)	The Company's subsidiary
MetaAge Corporation (MetaAge) (note)	Associate
Unictron Technologies Corporation (Unictron)	Associate
Qisda Vietnam Co.,Ltd (QVH)	Associate
AdvancedTEK International Corp. (AdvancedTEK)	Associate
Golden Spirit CO., LTD. (Golden)	Associate
AUO Education Service Corp. (AUES)	Associate
Darfon Electronics Corp. (Darfon)	Associate

Note: Sysage Technology Co., Ltd. was renamed MetaAge Corporation on June 23, 2022.

(3) Significant related-party transactions

A. Operating revenue

The amounts of sales to related parties were as follows:

	For the years ended December 31,	
	2023	**2022**
Parent	$ 7,060	788
Associate	4,585,898	7,147,425
	$ 4,592,958	**7,148,213**

Determined based on market prices, the selling prices for the Company's related parties were adjusted taking into account locations and sales volumes.

The collection terms for third parties and related parties were 30 to 90 days.

B. Purchases

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

	For the years ended December 31,	
	2023	**2022**
Parent	$ 68,484	207,252
Subsidiaries	6,423,767	10,039,849
Associate	26,246	52,638
	$ 6,518,497	**10,299,739**

(Continued)

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

The Company purchased raw materials and have them processed by HITRON TECHNOLOGIES VIET NAM; subsequently, the Company purchased them back and sell them to the Company's customers. During 2023 and 2022, the Company purchased goods from HITRON TECHNOLOGIES VIET NAM at cost prices of $610,421 thousand and $2,206,303 thousand; however, sales revenues and costs of goods sold are not presented in the parent-company-only financial statements.

C. Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts receivable due from related parties	Parent	$ 1,860	764
	Subsidiaries	1,588,376	2,561,334
		$ 1,590,236	**2,562,098**

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	$ 14,736	87,896
	Subsidiaries	1,701,574	3,012,879
	Associate	7,388	20,757
		$ 1,723,698	**3,121,532**

E. Prepayments

Account	Relationship	December 31, 2023	December 31, 2022
Prepayments (included in other current assets)	Ultimate parent	$ 200	-
	Parent	446	8,123
	Subsidiaries	32	-
	Associate	360	-
		$ 1,038	**8,123**

(Continued)

F. Acquisition of property, plant and equipment

	Acquisition price For the years ended December 31, 2023	2022
Ultimate parent	$ 200	-
Parent	2,112	5,447
Subsidiaries	124	5,276
Associate	360	-
	$ 2,796	10,723

G. Disposal of property, plant, and equipment

	Disposal price For the years ended December 31, 2023	2022
Subsidiaries	$ -	1,565

H. Acquisition of intangible assets

	Amount For the years ended December 31, 2023	2022
Associate	$ 95	31,930

I. Other operating costs

	For the years ended December 31, 2023	2022
Ultimate parent	$ -	20
Parent	279	2
Subsidiaries	2,988	67
	$ 3,267	89

J. Operating expenses

	For the years ended December 31, 2023	2022
Ultimate parent	$ 1,031	379
Parent	3,726	19,629
Subsidiaries	207,015	206,697
Associate	83	463
	$ 211,855	227,168

(Continued)

K. Interest income

	For the years ended December 31, 2023	2022
Subsidiaries	$ **1,780**	**5,357**

L. Other receivables

Account	Relationship	December 31, 2023	December 31, 2022
Other receivables	Parent	$ 1,296	-
	Subsidiaries	130,502	562,834
		$ **131,798**	**562,834**

Starting from the first quarter of 2023, the Company has a new transcation pattern with its parent Company. The Company parohases raw materials from its parent Company and has them processed by Hitron Vietnam, and then sells them back to its parent Company after Hitron Vietnam has completed the processing.

The transaction was accounted for on a net lasis. Unsold raw materials at the end of the related period were accounted for as other receivables-related parties.

M. Other payables

Account	Relationship	December 31, 2023	December 31, 2022
Other payables	Ultimate parent	$ 212	220
	Parent	651	4,805
	Subsidiaries	40,203	31,808
	Associate	71	136
		$ **41,137**	**36,969**

N. Dividends

On February 22, 2023 and March 16, 2022, IDT, a subsidiary, distributed dividends pursuant to a board resolution. During 2023 and 2022, cash dividends amounted to $232,532 thousand and $213,130 thousand, respectively, of which the dividend income resulted from earnings distribution amounted to $85,721 thousand and $106,331 thousand, respectively. As of December 31, 2023 and 2022, the above-mentioned amounts have been settled in full.

(4) Key management personnel compensation

	For the years ended December 31, 2023	2022
Short-term employee benefits	$ **17,878**	**28,005**

(Continued)

8. Pledged assets:

Pledged assets	Object	December 31, 2023	December 31, 2022
Restricted time deposits (included in other current assets)	Guarantees for land lease and post-release duty payments for customs	$ 2,382	2,382

9. Significant commitments and contingencies:

As of December 31, 2023 and 2022, the Company's promissory notes, deposited in banks for granting of credit lines, amounted to $300,000 thousand.

10. Losses Due to Major Disasters: None

11. Subsequent Events: None

12. Other:

A summary of employee benefits, depreciation, and amortization, by function, is were follows:

By function / By item	2023			2022		
	Cost of sales	Operation expenses	Total	Cost of sales	Operation expenses	Total
Employee benefits						
Salaries	-	303,592	303,592	-	396,553	396,553
Labor and health insurance	-	26,917	26,917	-	25,973	25,973
Pension	-	14,392	14,392	-	13,437	13,437
Remuneration of directors	-	13,027	13,027	-	14,353	14,353
Others	-	13,605	13,605	-	13,162	13,162
Depreciation	-	47,086	47,086	-	50,191	50,191
Amortization	-	30,430	30,430	-	24,959	24,959

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

	2023	2022
The number of employees	231	255
The number of directors who are not holding as a position of employee	7	7
The average of employee benefits	$ 1,600	1,811
The average of salaries	$ 1,355	1,599
The average of salary adjustment rate	(15.26)%	
Remuneration of supervisors	$ -	-

(Continued)

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.Furthermore, the remunerations are in accordance with the Company's articles of incorporation and the managerial salary standards, which 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. Loans to other parties: Please refer to Table 1.

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

C. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.

D. Individual securities acquired or disposed of with accumulated amount exceeding $300 million or 20% of the capital stock: None

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

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

G. Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock: Please refer to Table 4.

H. Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock: Please refer to Table 5.

I. Trading in derivative instruments: Please refer to note 6(2).

(2) Information on investees: Please refer to Table 6.

(Continued)

(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 7.

B. Limitation on investment in Mainland China: Please refer to Table 7.

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: Please refer to Table 8.

14. Segment information:

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

(Continued)

Hitron Technologies Inc.
Loans to other parties
For the year ended December 31, 2023

Table 1 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of lender	Name of borrower	Account (Note 2)	Related party	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 8)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 4)	Transaction amount for business between two parties (Note 5)	Reasons for short-term financing (Note 6)	Allowance for bad debt	Collateral		Individual funding loan limits (Note 7)	Maximum limit of fund financing (Note 7)
													Item	Value		
0	The Company	Hitron Technologies Viet Nam	Other receivables due from related parties	Yes	933,000	-	-	1%	2	-	Operating capital	-	-	-	983,900	1,967,801

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1) the company ,fill in 0.
(2) The subsidiaries are numbered in order starting from '1'. The same company code should be the same.

Note 2: Fill in the name of account in which the loans are recognized, such as receivables–related parties, current account with shareholders, prepayments, temporarcly payments, etc.

Note 3: The maximum outstanding balance of loans to other parties during the year.

Note 4: The column of 'Nature of loan' shall fill in "1" for 'Business transaction' or "2" for 'Short-term financing'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in the purpose when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

Total amount of loans to others cannot exceed 40% of overall net profit shown on the most recent audited/reviewed financial statement. Limit on loans granted to a borrower is confined according to the reasons of the borrowing:

a. For a borrower having business dealings with the Company, the maximum individual loan amount shall not exceed the estimated business dealing amount between the two parties within the most recent year or future one year, and shall not exceed 20% of the net worth of the Company indicated in the most recent financial statements of the Company. The "total amount of trading" refers to the material purchase or sales amount between the two companies, whichever is higher.

b. Nature of the loan is related to financing necessity, total amount of the loan cannot exceed 20% of overall net profit shown on the most recent audited/reviewed financial report.

c. For loaning of funds between foreign subsidiaries with voting shares 100% directly or indirectly held by the Company, or loans provided by foreign subsidiaries with voting shares 100% directly or indirectly held by the Company to the Company, it is not restricted by the financial total amount limit and the financing period; however, each of such subsidiaries shall still self-establish the limit and loan period for loaning funds to others.

Note 8: The amounts of funds to be loaned to others which have been approved by the Board of Directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the Board of Directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Hitron Technologies Inc.

Guarantees and endorsements for other parties

For the year ended December 31, 2023

Table 2 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 3)	Highest balance for guarantees and endorsements during the period (Note 4)	Balance of guarantees and endorsements as of reporting date (Note 5)	Actual usage amount during the period (Note 6)	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 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary (Note 7)	Subsidiary endorsements/ guarantees to third parties on behalf of parent company (Note 7)	Endorsements/ guarantees to third parties on behalf of companies in Mainland China (Note 7)
		Name	Relationship with the Company (Note 2)										
0	The Company	Hitron Technologies Viet Nam	(2)	4,919,502	2,554,740	-	-	-	- %	7,379,253	Y	N	N
0	The Company	Hitron Technologies Americas	(2)	4,919,502	615,600	-	-	-	- %	7,379,253	Y	N	N
0	The Company	Hitron Technologies Europe	(2)	4,919,502	631,113	-	-	-	- %	7,379,253	Y	N	N

Note 1: The numbers denote the following:

(1) “0” represents the Company.

(2) Investees are sequentially numbered from “1”. The same company code should be the same.

Note 2: There are 6 relationships between the endorsement/guarantees providers and the counterparties thereof:

(1) Business Transaction.

(2) An entity wherein the Company owns more than 50% voting rights, directly or indirectly.

(3) An entity owning more than 50% voting rights in the Company, directly or indirectly.

(4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, However, this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

(5) An industry peer or joint builder mutually guaranteed according to a construction contract.

(6) An entity endorsed/guaranteed by all shareholders in proportion to shareholding in joint investment.

(7) Where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

(1) Total amount of provision of endorsements and guarantees to others cannot exceed 150% of total net profit of the most recent financial statement.

(2) Limit on provision of endorsements and guarantees to others granted to a single party cannot exceed 20% of the total net profit of the most recent financial statement, however, when the parent company owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity, the limit on provision of endorsements and guarantees to others is not confined by the previous described but still cannot not exceed 100% of total net profit of the most recent financial statement.

(3) For the endorsement/guarantee made to others having business dealings with the Company, in addition to the provisions specified in the preceding two paragraphs, the maximum endorsement/guarantee amount provided to one single party shall not exceed the estimated business dealing total amount between the two parties within the most recent year or future one year, and shall not exceed 20% of the net worth of the Company indicated in the most recent financial statements of the Company (the term "business dealing total amount" refers to the higher of the purchase or sales amount between the two parties).

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Once endorsement/guarantee contracts or promissory notes are signed by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities. And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Hitron Technologies Inc.

Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2023

Table 3

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company (Note 2)	Account	Ending balance				Note (Note 4)
				Shares/ Units (thousands)	Carrying value (Note 3)	Percentage of ownership (%)	Fair value	
The Company	Senao International Cq, Ltd.	-	Current financial assets at fair value through profit or loss	152	5,989	0.06	5,989	
The Company	Chao Long Motor Parts Corp.	-	Non-current financial assets at FVOCI	668	51,152	1.79	51,152	
The Company	Imagetech Co., Ltd.	-	Non-current financial assets at FVOCI	120	-	1.20	-	
The Company	Tsunami Visual Technologies Inc.	-	Non-current financial assets at FVOCI	1,220	-	9.34	-	
The Company	Pivot Technology Corp.	-	Non-current financial assets at FVOCI	198	-	10.94	-	
The Company	Cardtek Technology Co., Ltd.	-	Non-current financial assets at FVOCI	1,000	-	6.45	-	
The Company	Yesmobile Holdings Company Ltd.	-	Non-current financial assets at FVOCI	294	-	0.75	-	
The Company	Codent Networks (Cayman) Ltd. (preference shares)	-	Non-current financial assets at FVOCI	1,570	-	-	-	

Note 1 : Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 “Financial instruments.

Note 2 : Leave the column blank if the issuer of marketable securities is non-related party.

Note 3 : Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4 : The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Hitron Technologies 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 4 (In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others (Note 1)		Notes/Accounts receivable (payable)		Note (Note 2)
			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	Hitron Technologies Americas	Parent and subsidiary	(Sales)	(4,134,320)	(66.53)%	90 days	Agreed by both parties	Same	1,518,943	73.97%	
The Company	Hitron Technologies Europe	Parent and subsidiary	(Sales)	(355,687)	(5.72)%	90 days	Agreed by both parties	Same	69,433	3.38%	
The Company	Hitron Technologies Viet Nam	Parent and subsidiary	Purchase	6,423,767	89.25%	60 days	Agreed by both parties	Same	(1,701,574)	(85.95)%	

Note 1: If the transaction conditions of the related party are different from the general transaction conditions, the differences and reasons should be stated in the unit price and credit period columns.

Note 2: If there is an advance receipt (payment), the reasons, contract terms, amount, and differences from general transaction types should be stated in the remarks column.

Note 3: Paid-in capital refers paid-in capital of parent. In the case that shares were issued with no par value or with a par value other than NT$10 per share, 20 % of paid-in capital shall be replaced by 10% of equity attributable to the parent company in the calculation.

Hitron Technologies Inc.
Receivables from related parties with amounts exceeding $100 million or 20% of the capital stock
December 31, 2023

Table 5

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance (Note 2)	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Loss Allowance	Note
					Amount	Action taken			
The Company	Hitron Technologies Americas	Parent and subsidiary	1,518,943	2.17	-	-	536,841	-	Note 3
Hitron Technologies Viet Nam	The Company	Parent and subsidiary	1,701,574	2.73	-	-	10,274	-	Note 3

Note 1: The amount recovered as of February 19, 2024.

Note 2: Please fill in separately the balances of the accounts receivable, notes receivable and other receivables that are due from related parties.

Note 3: Relevant transactions and closing balance have been eliminated.

Hitron Technologies Inc.

Information on investees

For the year ended December 31, 2023

Table 6 (In Thousands of New Taiwan Dollars)

Name of investor	Name of investee (Note 1 and 2)	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee Note (2(3))	Share of profits/ losses of investee Note (2(3))	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Hitron Technologies (Samoa)	Samoa	International trade	172,179	642,697	5,850	100.00 %	187,851	49,396	52,391	
The Company	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	36.39 %	638,399	261,763	105,346	
The Company	Hitron Technologies Viet Nam	Vietnam	Production and sale of broadband telecommunication products	1,511,735	1,511,735	-	100.00 %	2,798,108	381,925	387,558	
The Company	Hitron Technologies Americas	USA	International trade	90,082	90,082	300	100.00 %	294,821	(82,795)	(31,132)	
The Company	Hitron Technologies Europe	Netherlands	International trade	59,604	59,604	15	100.00 %	66,652	(35,857)	(27,298)	
The Company	Innoauto Technologies	Taiwan	Investments	20,000	20,000	2,000	100.00 %	3,440	(4)	(4)	

Note 1: If a public company set up an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If the situation does not fit the description in note 1, the columns are filled in as follows:

(1) The columns of ‘Investee’, ‘Location’, ‘Main business activities’, ‘Initial investment amount’ and ‘Shares held as at December 31, 2023’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.

(2) The amount of profit (loss) of the investee for this period should be filled in the 'Net income (losses) of the investee" column.

(3) The Investment income (loss) recognized by the parent company for the year ended December 31, 2023' column should fill in the company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period.. When filling in "Amount of current profit (loss) of each subsidiary that is directly recognized as investee", it should be ascertained that whether the amount of current profit (loss) of each subsidiary includes its investment profit (loss) which shall be recognized pursuant to regulations.

Hitron Technologies Inc.

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

For the year ended December 31, 2023

Table 7 (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 (Note 1)	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 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Hitron Technologies (Suzhou) Inc.	Production and sale of Broadband network products	171,245 (RMB34,800)	(b)	641,763	-	470,518	171,245	49,387	100.00%	49,387	190,836	-
Jietech Trading	Sale of broadband network products and related services	31,139 (RMB5,425)	(b)	31,139	-	-	31,139	(11)	100.00%	(11)	3,670	-
Hwa Chi Technologies	Technical consulting, researching, maintenance and after service regarding electronic communication products	5,814 (USD200)	(c)	12,048	-	-	12,048	2,562	36.39%	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 (Note 3)
Hitron Technologies Inc.	214,432	214,432	2,951,701

Note 1: There are 3 investment methods:

(a) Direct investment in Mainland China.

(b) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(c) Hwa Chi is a China based investment company, which was originally invested by Hitron (Samoa),of the company. However, due to the Company's restructuring, the investor was changed to Interactive Digital instead, based on the resolution approved during the board meeting in 2012.

Note 2: Investment profits (losses) recognized for the current period:

(a) If the investee was in the pipeline without any investment profit (loss), the situation should be specified.

(b) There are 3 types of recognition basis for investment gains or losses, and the basis shall be specified.

(i) Based on financial statements audited by an international accounting firm in cooperation with a R.O.C. accounting firm.

(ii) Based on financial statements audited by the parent's independent auditors.

(iii) Others.

Note 3: Calculated as 60% (upper limit on investment) of the Company's net worth on December 31, 2023 in accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China amended on August 29, 2008..

Hitron Technologies Inc.

Major shareholders

For the year ended December 31, 2023

Table 8

Shareholding / Shareholder's Name	Shares	Percentage
Alpha Networks Inc.	200,000,000	62.24 %

1.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.

2.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.