Stock Code:2419

Hitron Technologies Inc. and Subsidiaries

Consolidated Financial Statements

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

Address: No. 1-8, Li-Hsin 1st Rd., Science Park, Hsinchu City, Taiwan(R.O.C.)
Telephone: (03)578-6658

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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)

	December 31, 2023		December 31, 2022	
Assets	**Amount**	**%**	**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**

	December 31, 2023		December 31, 2022	
Liabilities and Equity	**Amount**	**%**	**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)

(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.

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(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%

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities	Shareholding December 31, 2023	Shareholding 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.

(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.

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:

- 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.

(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.

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

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

(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.

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)

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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.

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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.

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.

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**

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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)

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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**

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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.

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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**

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	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**

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	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)

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		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.

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(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**

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(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.

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(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.

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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

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.

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(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	For the years ended December 31, 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)

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(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.

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(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)

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

	For the years ended December 31, 2023	For the years ended December 31, 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	For the years ended December 31, 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)

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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)**

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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.

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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.

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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)

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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).

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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)**

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)

Hitron Technologies Inc. and Subsidiaries
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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

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	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**

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	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.

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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.

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.

(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%**

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(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

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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.

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

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(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.

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**

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.

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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)

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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

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(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**

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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.