Stock Code: 8011

Tai Tung Communication Co., Ltd. and subsidiaries

Consolidated Financial Statements and Independent Auditors' Report 2023 and 2022

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Statement of Consolidated Financial Statements of Affiliated Companies

For the fiscal year of 2023 (From January 1 to December 31, 2023), the companies which should be included in the consolidated financial reports of the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Reports of Affiliated Enterprises" are the same as those that should be included pursuant to the International Financial Reporting Standards 10 and parent company and subsidiaries have already been disclosed in the consolidated financial reports of the Consolidated Company. Therefore, the Consolidated Company will not prepare separate consolidated financial reports for affiliates.

Hereby declare

Company Name: Tai Tung Communication Co., Ltd.

Responsible Person: LEE CHING HUNG

March 14, 2024

Independent Auditors' Report

To the Board of Directors and Shareholders of Tai Tung Communication Co., Ltd.:

Auditor's Opinion

We have audited the accompanying consolidated balance sheet of Tai Tung Communication Co., Ltd. as of December 31, 2023 and 2022, and the related consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statements of cash flows, and notes to the consolidated financial statements (including significant accounting policies) for the years ended December 31, 2023 and 2022.

In our opinion, the consolidated financial reports referred to above present fairly, in all material respects, the consolidated financial position of Tai Tung Communication Co., Ltd. as of December 31, 2023 and 2022, and the consolidated financial performance and cash flows for the years ended December 31 2023 and 2022, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations, and interpretations issued and approved by the Financial Supervisory Commission (FSC).

The Basis for Opinions

We concluded our audits in accordance with the regulations governing auditing and attestation of financial statements by certified public accountants and auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of Tai Tung Communication Co., Ltd. and its subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2023 consolidated financial statements of Tai Tung Communication Co., Ltd. and its subsidiary. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters of the 2023 consolidated financial statements of Tai Tung Communication Co., Ltd. and its subsidiary are as follows:

<u>Taiwan Intelligent Fiber Optic Network Co., Ltd.'s property, plant and equipment and impairment assessment of intangible assets</u>

As of December 31, 2023, the subsidiary of Tai Tung Communication Co., Ltd., Taiwan Intelligent Fiber Optic Network Consortium Co., Ltd. has balances of NT$932,505 thousand and NT$1,977,330 thousand in property, plant and equipment and intangible assets, respectively, accounting for a major amount of consolidated assets value.

The property, plant and equipment and intangible assets of Taiwan Intelligent Fiber Optic Network Co., Ltd. are assessed at each balance sheet date whether there is any indication that it may be impaired according to IAS 36 "Impairment of Assets." For details about the accounting policies and relevant disclosures for impairment assessment of property, plant and equipment and intangible assets, please refer to Notes 4, 5, 14, and 17.

If there is objective evidence of an indication that the property, plant and equipment and intangible assets is impaired, the management of Taiwan Intelligent Fiber Optic Network Consortium Co., Ltd. should assess the recoverable amount of the property, plant and equipment and intangible assets. Due to impairment testing involving significant judgments such as accounting estimates and management assumptions, it has been identified as a key audit matter for the year 2023.

For the specific aspects expressly stated in the above key audit matter, the major response procedures that have been implemented include:

1. Obtain an asset impairment assessment report issued by external expert, understand the qualifications of the expert to judge whether the result is reliable, and have the statement of Independence issued by the expert to judge whether the objectivity of the expert is sufficient.

2. Assess whether the methodology and relevant assumptions adopted in the impairment assessment by external experts are appropriate

Other Information

Tai Tung Communication Co., Ltd. has prepared the parent company only financial statements for the years of 2023and2022, and the audit reports issued by our accountant with unqualified opinions are on file for reference.

Responsibilities of Management and Those in Charge with Governance of the Consolidated Financial Statements

The responsibility of management is to prepare fairly presented consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards interpretations, and announcements of interpretations recognized and published by the Financial Supervisory Commission and maintain necessary internal control related to the preparation of consolidation of financial statements in order to ensure material misstatement caused by fraud or error does not exist in the consolidated financial statements.

In preparing the consolidated financial statements, the management is also responsible for assessing the ability of Tai Tung Communication Co., Ltd. and its subsidiaries as a going concern, disclosing as applicable, matters related to a going concern and using the going concern basis of accounting, unless the management either intends to liquidate Tai Tung Communication Co., Ltd. and its subsidiaries or cease operations, or has no other realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of the financial statements of Tai Tung Communication Co., Ltd. and its subsidiaries.

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 and auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If fraud or errors are considered material, individually or in 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 auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conduct the following tasks:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit 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 internal control effective in Tai Tung Communication Co., Ltd. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Tai Tung Communication Co., Ltd. and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Tai Tung Communication Co., Ltd. and its subsidiaries to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated statements, including related notes, whether the consolidated statements represent the underlying transactions and events in a matter that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of Tai Tung Communication Co., Ltd. and its subsidiary to express an opinion on the consolidated financial statements. We are responsible for the

direction, supervision, and performance of the audit of Tai Tung Communication Co., Ltd. and its subsidiary. We remain solely responsible for our audit opinion.

We communicate with those in charge of 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 in charge of 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 in charge of governance, we determine those matters that were of most significance in the audit of the 2023 consolidated financial statements of Tai Tung Communication Co., Ltd. and its subsidiary and are therefore the key audit matters. We describe these matters in our auditor's 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 communications.

Deloitte & Touche

CPA HSIEH TUNG-JU	CPA LI KUAN-HAO
Financial Supervisory Commission Approval Document No. Jin-Guan-Zheng-Shen-Zi No. 1090347472	Financial Supervisory Commission Approval Document No. Jin-Guan-Zheng-Shen-Zi No. 1100372936

March 14, 2024

Tai Tung Communication Co., Ltd. and subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: Thousands of NT$

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	$ 947,584	12	$ 531,425	8
1110	Financial assets that are measured at fair value through profit or loss - current (Note 4 and 7)	30,143	1	40,314	1
1140	Contract assets - current (Note 4 and 26)	392,250	5	59,925	1
1150	Net notes receivable (Note 4, 9, and 34)	1,404	-	1,075	-
1170	Net accounts receivable (Note 4, 9, and 34)	205,595	3	227,778	4
1200	Other receivables (Note 4 and 9)	1,637	-	3,228	-
1220	Current tax assets (Note 4 and 28)	229	-	4,945	-
130X	Inventory (Note 4, 10, and 34)	721,923	9	468,572	7
1410	Prepayments (Note 11, 34, and 36)	212,881	3	54,563	1
1476	Other financial assets - current (Note 6 and 35)	26,970	-	718	-
1479	Other current assets	4,529	-	2,309	-
11XX	Total current assets	2,545,145	33	1,394,852	22
	Non-current assets				
1510	Financial assets that are measured at fair value through profit or loss - non-current (Note 4 and 7)	8,384	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 4 and 8)	17,684	-	16,582	-
1550	Investments accounted for using the equity method (Note 4 and 13)	327,269	4	264,203	4
1600	Property, plant and equipment (Note 4, 14, 34, 35, and 36)	2,348,717	30	2,099,912	33
1755	Right-of-use assets (Note 4 and 15)	46,199	1	13,623	-
1760	Investment property, net (Note 4, 16, and 35)	216,744	3	96,159	1
1780	Intangible assets (Note 4, 17, and 36)	1,929,204	25	1,999,794	31
1840	Deferred tax assets (Note 4 and 28)	84,622	1	77,909	1
1915	Prepayments for equipment (Note 36)	130,524	2	312,945	5
1920	Refundable deposits (Note 34)	21,516	-	25,400	-
1980	Other financial assets - non-current (Note 6, 17, and 35)	102,597	1	106,736	2
1990	Other non-current assets	29,298	-	31,819	1
15XX	Total non-current assets	5,262,758	67	5,045,082	78
1XXX	Total assets	$ 7,807,903	100	$ 6,439,934	100

Code	Liabilities and equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 18 and 35)	$ 708,638	9	$ 200,000	3
2130	Contract liabilities - current (Note 4, 26, and 34)	101,790	1	57,159	1
2150	Notes payable (Note 19)	129	-	254	-
2170	Accounts payable (Note 19 and 34)	158,970	2	180,707	3
2200	Other payables (Note 20 and 34)	132,207	2	149,411	2
2230	Current income tax liabilities (Note 4 and 28)	2,975	-	3,143	-
2250	Provisions - current (Note 4 and 21)	121,090	2	52,033	1
2280	Lease liabilities - current (Note 4, 15, and 340	14,843	-	8,320	-
2322	Long-term borrowings due within one year or one operating cycle (Note 18 and 35)	24,165	-	47,197	1
2399	Other current liabilities	14,842	-	8,499	-
21XX	Total current liabilities	1,279,649	16	706,723	11
	Non-current liabilities				
2540	Long-term borrowings (Note 18 and 35)	2,654,585	34	2,236,104	35
2570	Deferred tax liabilities (Note 4 and 28)	1,287	-	1,272	-
2580	Lease liabilities - non-current (Note 4, 15, and 34)	31,696	1	5,600	-
2670	Other non-current liabilities (Note 4, 16, 23, 24, and 26)	96,788	1	111,444	2
25XX	Total non-current liabilities	2,784,356	36	2,354,420	37
2XXX	Total liabilities	4,064,005	52	3,061,143	48
	Equity attributable to owners of the parent company				
	Capital stock				
3110	Common stock	1,709,219	22	1,509,219	24
3210	Capital surplus	1,246,156	16	1,314,824	20
	Retained earnings (accumulated deficit)				
3310	Legal reserve	-	-	125,676	2
3320	Special reserve	10,581	-	10,581	-
3350	Undistributed earnings (or deficit to be offset)	11,037	-	(322,014)	(5)
3300	Total retained earnings (accumulated deficit)	21,618	-	(185,757)	(3)
	Other equity				
3410	Exchange differences on translation of foreign financial statements	(7,242)	-	(7,008)	-
3420	Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income	5,989	-	4,015	-
3400	Total other equity	(1,253)	-	(2,993)	-
31XX	Total equity attributable to owners of the Parent	2,975,740	38	2,635,293	41
36XX	Non-controlling interests	768,158	10	743,498	11
3XXX	Total equity	3,743,898	48	3,378,791	52
	Total liabilities and equity	$ 7,807,903	100	$ 6,439,934	100

The accompanying notes are an integral part of the consolidated financial statements.

Chairperson: LEE CHING HUNG　　Managerial officer: LEE CHING HUNG　　Accounting officer: DING SIH-FANG

Tai Tung Communication Co., Ltd. and subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: Thousands of NT$, except for earnings (losses) per share in NT$

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Operating revenue (Note 4, 17, 26, and 34)				
4110	Sales revenue	$ 749,669	37	$ 912,279	54
4520	Construction revenue	549,977	27	183,380	11
4600	Telecommunications services revenue	713,602	35	568,019	33
4800	Other operating revenue	21,989	1	35,857	2
4000	Total operating revenue	2,035,237	100	1,699,535	100
	Operating costs (Note 4, 10, 17, 21, 27, 34, and 36)				
5110	Cost of goods sold	668,382	33	1,091,890	64
5520	Construction cost	648,503	32	171,936	10
5600	Telecommunications services cost	380,153	18	357,510	21
5800	Other operating costs	21,468	1	38,851	3
5000	Total operating costs	1,718,506	84	1,660,187	98
5900	Gross profit	316,731	16	39,348	2
	Operating expenses (Note 4, 27, and 34)				
6100	Sales	60,254	3	58,629	4
6200	Management	199,798	10	176,149	10
6300	Research and development	3,138	-	2,794	-
6000	Total operating expenses	263,190	13	237,572	14
6900	Net operating (loss)	53,541	3	(198,224)	(12)
	Non-operating income and expenses (Note 4, 13, 14, 21, 27, and 34)				
7010	Other revenue	16,304	1	17,247	1
7020	Other profits and losses	3,829	-	(47,152)	(3)
7060	Share of profits or losses of associates and joint ventures accounted for using the equity method	26,829	1	14,351	1
7050	Financial costs	(72,707)	(3)	(52,927)	(3)
7100	Interest income	3,961	-	1,248	-
7000	Total non-operating income and expenses	(21,784)	(1)	(67,233)	(4)
7900	Profit (loss) Before Income Tax	31,757	2	(265,457)	(16)
7950	Income tax benefits (Note 4 and 28)	5,114	-	7,029	1
8200	Net profits (losses) for the year	36,871	2	(258,428)	(15)

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Code		2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income (Note 4, 24, 25, and 28)				
	Items not to be reclassified as profit or loss				
8311	Remeasurement of defined benefit plan	($ 346)	-	$ 582	-
8316	Unrealized gain or loss on investments in equity instruments measured at fair value through other comprehensive income	1,178	-	2,467	-
8310		832	-	3,049	-
	Titles that could be reclassified as profit (loss) accounts in the future				
8361	Exchange differences on translation of foreign financial statements	(307)	-	3,108	-
8371	Associates' equity exchange differences on the translation of financial statements of foreign operations accounted for using the equity method	8	-	50	-
8399	Income tax related to Items that may be subsequently reclassified into profit or loss	58	-	(610)	-
8360		(241)	-	2,548	-
8300	Other comprehensive income for the year (net after tax)	591	-	5,597	-
8500	Total amount of comprehensive income for the year	$ 37,462	2	($ 252,831)	(15)
	Net income (loss) attributable to:				
8610	Shareholders of the parent company	$ 14,264	1	($ 243,760)	(14)
8620	Non-controlling interests	22,607	1	(14,668)	(1)
8600		$ 36,871	2	($ 258,428)	(15)
	Comprehensive income attributable to:				
8710	Shareholders of the parent company	$ 14,862	1	($ 238,272)	(14)
8720	Non-controlling interests	22,600	1	(14,559)	(1)
8700		$ 37,462	2	($ 252,831)	(15)
	Earnings (loss) per share (Note 29)				
9750	Basic	$ 0.09		($ 1.62)	
9850	Diluted	$ 0.09		($ 1.62)	

The accompanying notes are an integral part of the consolidated financial statements.

Chairperson: LEE CHING HUNG Managerial officer: LEE CHING HUNG Accounting officer: DING SIH-FANG

Tai Tung Communication Co., Ltd. and subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: Thousands of NT$

		Equity attributed to the owner of the parent company (Note 4, 8, 13, 22, 25, and 31)										
		Capital stock			Retained earnings (accumulated deficit)			Other equity				
Code		Common stock	Certificate of entitlement to new shares form convertible bond	Capital surplus	Legal reserve	Special reserve	Undistributed earnings (or deficit to be offset)	Exchange differences on translation of foreign financial statements	Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income	Total	Non-controlling equity (Note 25 and 31)	Total equity
A1	Balance as of January 1, 2022	$ 1,476,424	$ 9,130	$ 1,300,205	$ 125,676	$ 10,581	($ 69,288)	($ 9,447)	$ 1,548	$ 2,844,829	$ 749,397	$ 3,594,226
D1	Net loss for 2022	-	-	-	-	-	(243,760)	-	-	(243,760)	(14,668)	(258,428)
D3	Other comprehensive income after tax for 2022	-	-	-	-	-	582	2,439	2,467	5,488	109	5,597
D5	Total comprehensive income in 2022	-	-	-	-	-	(243,178)	2,439	2,467	(238,272)	(14,559)	(252,831)
C7	Changes in equity of associates accounted for using the equity method	-	-	234	-	-	(888)	-	-	(654)	-	(654)
M5	Difference between the acquisition or disposal price and the carrying amount of subsidiary	-	-	-	-	-	(8,660)	-	-	(8,660)	8,660	-
I1	Conversion of convertible bonds	-	23,665	14,385	-	-	-	-	-	38,050	-	38,050
I3	Certificate of entitlement to new shares form convertible bond converted to share capital	32,795	(32,795)	-	-	-	-	-	-	-	-	-
Z1	Balance as of December 31, 2022	1,509,219	-	1,314,824	125,676	10,581	(322,014)	(7,008)	4,015	2,635,293	743,498	3,378,791
	2022 deficit compensation											
B13	Legal reserve used to make up the loss	-	-	-	(125,676)	-	125,676	-	-	-	-	-
C11	Capital reserve used to make up the loss	-	-	(196,338)	-	-	196,338	-	-	-	-	-
D1	Net profit for 2023	-	-	-	-	-	14,264	-	-	14,264	22,607	36,871
D3	Other comprehensive income after tax for 2023	-	-	-	-	-	(346)	(234)	1,178	598	(7)	591
D5	Total comprehensive income in 2023	-	-	-	-	-	13,918	(234)	1,178	14,862	22,600	37,462
E1	Cash capital	200,000	-	126,000	-	-	-	-	-	326,000	-	326,000
C7	Changes in equity of associates accounted for using the equity method	-	-	742	-	-	(25)	-	-	717	-	717
M5	Difference between the acquisition or disposal price and the carrying amount of subsidiary	-	-	-	-	-	(2,060)	-	-	(2,060)	2,060	-
N1	Share-based payment	-	-	928	-	-	-	-	-	928	-	928
Q1	Disposal of equity investment instruments measured at fair value through other comprehensive income	-	-	-	-	-	(796)	-	796	-	-	-
Z1	Balance as of December 31, 2023	$ 1,709,219	$ -	$ 1,246,156	$ -	$ 10,581	$ 11,037	($ 7,242)	$ 5,989	$ 2,975,740	$ 768,158	$ 3,743,898

The accompanying notes are an integral part of the consolidated financial statements.

Chairperson: LEE CHING HUNG Managerial officer: LEE CHING HUNG Accounting officer: DING SIH-FANG

Tai Tung Communication Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: Thousands of NT$

Code		2023	2022
	Cash flows from operating activities		
A10000	Net income (losses) before tax for the year	$ 31,757	($ 265,457)
A20010	Income and expense items		
A20100	Depreciation expenses	180,226	145,074
A20200	Amortization expenses	163,790	160,676
A20300	Expected reversed income from credit impairment losses	(3,631)	(7,560)
A20400	Net loss (income) of financial assets and liabilities measured at fair value through profit or loss	(3,422)	4,651
A20900	Financial costs	72,707	52,927
A21200	Interest income	(3,961)	(1,248)
A21300	Dividend income	(1,598)	(1,113)
A21900	Share-based compensation distribution costs	928	-
A22300	Share of profits or losses of associates and joint ventures accounted for using the equity method	(26,829)	(14,351)
A22500	Loss (profit) from disposal of property, plant and equipment	(154)	4,463
A23700	Impairment loss of non-financial assets	-	7,034
A23700	Inventory falling price loss	33,122	37,751
A24100	Foreign exchange losses (gains)	345	(177)
A29900	Construction revenue	(92,605)	(74,600)
A29900	Lease modification gain	(34)	(8)
A29900	Recognition of provisions	76,836	202,411
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(329,867)	6,553
A31130	Notes receivable	(329)	15,301
A31150	Accounts receivable	7,539	81,677
A31180	Other receivables	(416)	(917)
A31200	Inventory	(323,039)	(19,080)
A31230	Prepayments	(159,899)	16,570
A31240	Other current assets	(1,098)	235
A31250	Other financial assets - current	(26,252)	19,668
A32125	Contract liabilities	44,292	41,994
A32130	Notes payable	(125)	(11)
A32150	Accounts payable	(21,684)	(72,822)
A32180	Other payables	(26,229)	35,271

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Code		2023	2022
A32200	Provisions	$ 6,285	($ 3,741)
A32230	Other current liabilities	(1,870)	5,412
A32240	Net defined benefit liability	(43)	(35)
A32990	Other liabilities	(625)	(625)
A33000	Cash inflow (outflow) from operating activities	(405,883)	375,923
A33500	Income tax paid	(1,786)	(109)
A33500	Income tax returned	4,836	726
AAAA	Net cash inflow (outflow) from operating activities	(402,833)	376,540
	Cash flows from investing activities		
B00100	Acquisition of financial assets at fair value through profit or loss	(59,178)	(67,475)
B00200	Disposal of financial assets at fair value through profit or loss	64,687	41,540
B01800	Acquisition of investment accounted for using the equity method	(42,050)	(77,050)
B02700	Purchase of property, Plant and Equipment	(178,555)	(221,201)
B02800	Proceeds from disposal of property, plant and equipment	318	3,614
B03700	Increase in refundable deposits	(6,504)	(15,544)
B03800	Decrease in refundable deposits	9,859	8,367
B04500	Acquisition of intangible assets	(595)	(539)
B06600	Decrease in other financial assets	4,139	100,760
B06700	Increase in other non-current assets	-	(21,603)
B06800	Decrease in other non-current assets	2,521	-
B07100	Increase in prepayments for equipment	(128,308)	(16,108)
B07500	Interest received	3,567	1,223
B07600	Dividend received	8,136	1,413
BBBB	Net cash outflow from investing activities	(321,963)	(262,603)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	1,278,951	480,000
C00200	Decrease in short-term borrowings	(770,313)	(409,000)
C01300	Repayments of corporate bonds	-	(85,200)
C01600	Proceeds from long-term borrowings	2,560,691	2,086,511
C01700	Repayments of long-term borrowings	(2,163,961)	(2,029,851)
C03000	Increase in deposits received	13,999	3,366
C03100	Decrease in deposits received	(15,771)	(14,926)
C04020	Lease principal repayment	(15,736)	(16,146)
C04600	Cash capital	326,000	-
C05600	Interests paid	(71,817)	(51,126)
CCCC	Net cash inflow (outflow) from financing activities	1,142,043	(36,372)

(Continued on next page)

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Code		2023	2022
DDDD	Impact of changes in exchange rate on cash and cash equivalents	($ 1,088)	$ 1,908
EEEE	Increase in cash and cash equivalents for the year	416,159	79,473
E00100	Cash and cash equivalents balance - beginning of year	531,425	451,952
E00200	Cash and cash equivalents balance - end of year	$ 947,584	$ 531,425

The accompanying notes are an integral part of the consolidated financial statements.

Chairperson: LEE CHING HUNG　　Managerial officer: LEE CHING HUNG　　Accounting officer: DING SIH-FANG

Tai Tung Communication Co., Ltd. and subsidiaries

Notes to Consolidated Financial Statements

January 1 to December 31, 2023 and 2022

(All amounts in NT$ thousand unless otherwise specified)

1. Company History

Tai Tung Communication Co., Ltd. (hereinafter referred to as the "Parent" or "Tai Tung Communication"), originally known as "Tai Tung Wire & Cable Co., Ltd.," was established in December 1981, and changed its name to "Tai Tung Communication Co., Ltd." in May 2000. In January 2010, the Parent was approved by Taipei Exchange to OTC trade of emerging stocks. And in July 2011, after the application for listing has been approved by Taiwan Stock Exchange Corporation, its shares were officially listed on the central exchange for public trading in September of the same year.

The Parent is mainly engaged in fiber optical cables and Fiber to the Home (FTTH) related accessories business, internal and external communication cables business, power transmission cables business, manufacture and sale of other products, and wholesale and retail sale of ores.

In order to integrate resources and improve operation performance, the short-form merger/consolidation with the subsidiary An Tung Optoelectronic Co., Ltd. was proceeded as approved by the board of directors on March 25, 2009, with the Company as the surviving company and An Tung Optoelectronic Co., Ltd. as the dissolved company. The reference date for the merger/consolidation was April 30, 2009. Since An Tung Optoelectronic Co., Ltd. had been a 100% owned subsidiary of the Parent, in this merger/consolidation the Parent did not issue new shares or pay cash as the consideration.

For details about the nature of main business and other information of the Parent and subsidiaries (hereinafter referred to as the "Company"), please refer to Note 12.

The Consolidated Financial Report is presented in New Taiwan dollars, which is the Parent's functional currency.

2. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were approved for publication by the board of directors on March 8, 2024.

3. Application of New and Revised Standards and Interpretation

(1) First-time application of International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations ("IFRICs" and "SICs") (hereinafter collectively referred to as the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the "IFRSs").

The first-time adoption of the International Financial Reporting Standards (IFRS Accounting Standards) endorsed and issued into effect by the Financial Supervisory Commission in 2023 did not result in significant changes in accounting policies.

(2) The IFRS Accounting Standards endorsed by the FSC applicable in 2024

New/amended/ revised standards or interpretations	Effective date of IASB publication（Note1）
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024（Note2）
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements“	January 1, 2024（Note3）

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: A seller-lessee should apply the proposed amendments retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: When this amendment is first applied, certain disclosure provisions are exempted from application.

The above amendments to the above standards and interpretations were assessed by the Company to have no material impact on the Company's financial position and financial performance.

(3) The IFRS Accounting Standards by the IASB but not yet endorsed and issued into effect by the FSC

New/amended/ revised standards or interpretations	Effective date of IASB publication (Note1)
Amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture."	Undecided
IFRS 17 "Insurance Contracts"	January 01, 2023
Amendment to IFRS 17	January 01, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 01, 2023
IAS 21 “Lack of Exchangeability”	January 1, 2025（Note2）

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: This amendment will be applicable for annual reporting periods beginning after January 1, 2025. The affected amount will be recognized in retained earnings as of the initial application date of this amendment. When the Company expresses its currency in non-functional currency, it will adjust the translation differences of foreign operations under equity items as of the initial application date.

The Company evaluates that the above-mentioned amendments to the standards or interpretations do not have a significant impact on the Company. However, as of the date of approval for publication of the Consolidated Financial Report, the Company is still assessing the impact of amendments to other standards and interpretations on the Company's financial position and financial performance, which will be disclosed after completing the assessment.

4. <u>Summary of Significant Accounting Policies</u>

(1) Compliance Statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards approved and published by the FSC.

(2) Basis of preparation

The consolidated financial statements were prepared on the historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities (assets) recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

(3) Standards in differentiating current and non-current assets and liabilities

Current assets include

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months of the balance sheet date; and
3. Cash and cash equivalents (excluding those that are restricted for exchanging or settling liabilities more than 12 months after the balance sheet date).

Current liabilities:

1. Liabilities held primarily for trading purposes.
2. Liabilities due for settlement within 12 months after the balance sheet date (current liabilities even if a long-term refinancing or rescheduling agreement is completed after the balance sheet date and before the financial statements are authorized for issuance), and

3. Liabilities whose settlement deadline cannot be unconditionally deferred until at least 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Those that are not current assets or liabilities above are classified as non-current assets or liabilities.

The Company engages in telecommunications engineering business, where the operating cycle typically exceeds one year. Therefore, the assets and liabilities related to the telecommunications engineering business are classified as current or non-current in accordance with the operating cycle (about 2 to 3 years).

(4) Basis of consolidation

The consolidated financial statements include the financial statements of the parent company and entities controlled by the parent company. The consolidated comprehensive income statements include the operating profits or losses of the acquired or disposed subsidiaries for the period from the date of acquisition or up to the date of disposal.

The subsidiaries' financial statements have been properly adjusted to make the accounting policies consistent with the accounting policies of the Company. In preparing the consolidated financial statements, all inter-company transactions, account balances, gains and losses have been eliminated. The total comprehensive income of subsidiaries should be attributed to the owners' equities and non-controlling interests, even if this would cause the non-controlling interests to result in a deficit balance.

When a change in the parent company's ownership interest in a subsidiary does not result in a loss of control, it is treated as an equity transaction. The carrying amounts of the parent company and non-controlling interests have been adjusted to reflect the changes in their relative interests in subsidiaries. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity attributable to shareholders of the parent company.

Please refer to Note 12 and the attached Table 5 for details of subsidiaries, shareholding and principal businesses.

(5) Foreign currency

For the transactions conducted in a currency other than the business entity's functional currency (foreign currency), it is to be translated to the functional currency in accordance with the exchange rate on the transaction date when preparing the parent company only financial statements.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in the current profit or loss.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is recognized in the gain and loss for the period. However, fair value changes recognized in other comprehensive income, and the resulting exchange differences are included in other comprehensive income.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

Upon preparation of the consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries, associates, joint ventures, or branches that operate in a country or currency different from that of the Company) are translated into New Taiwan dollars at the exchange rate prevailing on each balance sheet date. Income and expense items are translated at the average exchange rate for the period and the exchange differences are booked in other comprehensive income (and are attributed to owners of the parent and non-controlling interests, respectively).

On the disposal of the entire interest of a foreign operation, or the partial disposal involves the loss of control of a subsidiary that includes a foreign operation, or the retained interest after the disposal of an associate that includes a foreign operation is a financial asset and is measured according to the accounting policies for financial instruments, the cumulative amount of the exchange differences attributable to owners of the Company and relating to that foreign operation should be reclassified to profit or loss.

If the partial disposal of a subsidiary with foreign operations does not result in a loss of control, the cumulative translation difference is reattributed to the non-controlling interest of the subsidiary on a pro rata basis and is not recognized in profit or loss. In the case of any other partial disposal of foreign operations, the cumulative exchange differences are reclassified to profit or loss in proportion to the disposal.

(6) Cash Equivalents

Cash equivalents refers to commercial papers, bonds or notes with reverse repurchase agreements, or time deposits due or repaid within 3 months from the date it was invested, highly liquid, readily convertible into known amounts of cash, and subject to insignificant risk of changes in value, which are held for the purpose of meeting short-term cash commitments with a carrying amount approximating fair value.

(7) Inventory

Inventories include raw materials, supplies, finished goods, and work-in-process. Inventory is valued at the lower of cost or net realizable value. The lower of cost and net realizable value can be applied based on an individual-item basis except for group similar item of inventories. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs. The cost of inventory is calculated using the weighted average method.

(8) Investments in associates

An associate is an entity over which the Company has significant influence but is not a subsidiary or a joint venture.

The Company adopts the equity method for investment in associates. Under the equity method, investments in associates are initially recognized at cost; and the book value of the investment after the acquisition date increases or decreases with the share of profits or losses of the associate, other comprehensive income, and profits distribution. In addition, changes in interest in an associate are recognized in proportion to their shareholding.

The excess of the acquisition cost over the Company's share of the net fair value of the identifiable assets and liabilities of the associates at the acquisition date is recorded as goodwill, which is included in the carrying amount of the investment and is not amortized; the excess of the Company's share of the net fair value of the identifiable assets and liabilities of the associates at the acquisition date over the acquisition cost is recorded as gain or loss for the period.

If the Company does not subscribe for new shares of an associate in proportion to its shareholding, resulting in a change in the Company's shareholding and an increase or decrease in the net equity of the investment, the increase or decrease is adjusted to capital surplus and investments accounted for using the equity method. However, if the ownership interest in an associate is reduced as a result of subscription or acquisition without proportionate shareholding, the amount recognized in other comprehensive income related to the associate is reclassified in proportion to the reduction on the same basis as that required for the direct disposal of the related assets or liabilities of the associate; if the former adjustment is charged to capital surplus and the balance of capital surplus from investments accounted for using the equity method is insufficient, the difference is charged to retained earnings.

When the Company's share of losses in an associate equals or exceeds its equity interest in the associate (including the carrying amount of the associate under the equity method and other long-term equity interests that are in substance a component of the Company's net investment in the associate), the Company shall cease to recognize further losses. The Company recognizes additional losses and liabilities only to the extent that legal obligations, constructive obligations or payments on behalf of associates have been incurred.

In assessing the impairment, the Company sees the entire carrying amount of the investment (including goodwill) as a single asset and compares the recoverable amount of the investment to its carrying amount for the purpose of impairment testing. The recognized impairment loss is also part of the investment's carrying amount. Any reversal of the impairment loss can be recognized within the range of the recoverable amount of the subsequently increased investment.

The Company ceases to adopt the equity method from the date its investment ceases to be an associate, and its retained equity interest in the associate is measured at fair value. The difference between the fair value and the disposal proceeds and the carrying amount of the investment on the date of discontinuation of the equity method is recognized in the current profit or loss for the period. In addition, all amounts recognized in other comprehensive income related to the associate are accounted for on the same basis as if the associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to use the equity method without remeasuring the retained equity interest.

The profit or loss from the upstream, downstream and side-stream transactions between the Company and associates is recognized in the consolidated financial statements within the range that is irrelevant to the Company's equity interest in the associates.

(9) Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for administrative purposes and are expected to be used during more than one period, which are recognized at cost when it is probable that the future economic benefits will flow to the Company and the cost of the asset can be measured reliably. The subsequent measurement is based on cost less accumulated depreciation and accumulated impairment losses.

Those real estate, plant buildings, equipment & facilities under construction were recognized at the amount of the costs after deducting the loss in the accumulated impairment. Cost includes professional service fees and loan costs that qualify for capitalization. When such assets are completed and reach expected use status, such assets will be classified to proper items under real property, plant and equipment and the provision of depreciation shall begin.

Each component of property, plant and equipment that is significant shall be depreciated separately on a straight-line basis over its useful life. The Company should at least review the expected useful life, salvage value, and depreciation method at the end of each year and defer the effect of the changes in accounting estimates.

In derecognizing property, plant, and equipment, the difference between the net proceeds of disposition and the book value shall be recognized as income.

(10) Investment property

Investment property refers to real estate held for the purpose of earning rent or capital appreciation or both. Investment property also includes land held for future use that is currently undetermined.

Investment property is initially measured at cost including transaction costs and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Company calculates depreciation on a straight-line basis.

Property, plant, and equipment are reclassified as investment properties at their carrying amount at the date they cease to be used.

When investment property is derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

(11) Intangible assets

Intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment. Intangible assets are amortized on a straight-line basis over their useful life. The Company should at least review the expected useful life, salvage value, and amortization method at the end of each year and defer the effect of the changes in accounting estimated value. When the Company obtains the right to collect toll charges from the users of public construction (as the consideration for providing construction services in the service concession arrangements), it is originally recognized as intangible asset - concession at fair value, and subsequently measured at cost less accumulated amortization and accumulated impairment.

When intangible assets are derecognized, the difference between the net disposal price and the carrying amount of the assets is recognized in profit or loss.

The Company's intangible assets include computer software and acquisition costs of concession. The acquisition costs of concession are construction costs invested during the construction period according to the "Taipei City Fiber Optic Network Outsourcing Construction and Operation Project" and are amortized on a straight-line basis over the operational period.

(12) Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets (exclusive goodwill), and contract cost assets

The Company assesses on each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets, investment property and intangible assets (other than goodwill) may have been impaired. If there is any indication of impairment occurring, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The carry amount of shared assets shall be allocated to each cash generating unit on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment.

The recoverable amount is the fair value net of cost or the value in use, whichever is higher. When the recoverable amount of an individual asset or cash-generating unit is less than its book amount, the book amount of the asset or cash-generating unit should be reduced to its recoverable amount. The impairment loss is recognized in the profit or loss.

For the property, plant and equipment and intangible assets recognized from contracts with customers, firstly, the impairment of which is recognized in accordance with the inventory impairment regulations and the above requirements; secondly, the impairment loss of which is recognized in the carrying amount of the contract cost assets exceeding the remaining amount of consideration expecting to receive for providing the relevant goods or services deducting direct costs; thirdly, the carrying amount of the contract cost assets is included in the cash-generating unit to which it belongs for conducting an impairment assessment of the cash-generating unit.

When the impairment loss is subsequently reversed, the carrying amount of the asset and cash-generating unit or contract cost asset shall be increased to its revised recoverable amount. However, the increased carrying amount due to reversal should not be more than what the carrying amount of the asset and cash-generating unit or contract cost asset would have been determined (net of amortization or depreciation) had no impairment lost been recognized for the asset in prior accounting periods. The reversed impairment loss is recognized in the profit or loss.

(13) Financial instruments

When the Company has become a party to the instrument contract, the financial assets and financial liabilities are to be recognized in the consolidated balance sheet.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in the profit or loss.

1. Financial assets

The customary transaction of financial assets is recognized and derecognized in accordance with the trade date accounting.

(1) Type of measurement

The financial assets held by the Company include financial instruments measured at fair value through profit or loss, investments in equity instruments designated at fair value through other comprehensive income, and financial assets measured at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments not designated at fair value through other comprehensive income and investments in debt instruments that are not qualified for classification as measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value, and gains or losses arising from the remeasurement thereof are recognized in other gains and losses. Please refer to Note 30 for the determination of fair value.

B. Investments in equity instruments measured through other comprehensive income at fair value

The Company may make an irrevocable choice at the time of initial recognition for designating investment in equity instruments not available-for-sale and not recognized by the acquirer under corporate merger and acquisition or with consideration at fair value through other comprehensive income for measurement.

The investment of equity instruments at fair value through other comprehensive income is measured at fair value. Subsequent changes in fair value will be recognized as other comprehensive income and accumulated into other equity. In the disposition of assets, accumulated gains or loss shall be directly transferred to retained earnings without classification as income.

The dividend of the investment in equity instruments at fair value through other comprehensive income shall be recognized as income when the right of the Company in the collection of dividends is ascertained, unless the dividend is obviously representing the recovery of the cost of investment in part.

C. Financial assets at amortized cost

The Company's financial assets, if meeting both of the following conditions, are classified as financial assets at amortized cost:

a. Financial assets held under a particular mode of operation and the purpose of holding is for the collection of contractual cash flows; and

b. The terms of the contracts give rise to cash flows at specified dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable and notes receivable measured at amortized cost) is, after initial recognition, measured at amortized cost of the gross carrying amount calculated using effective interest method less any impairment loss. Any foreign exchange gains or losses are recognized in profit or loss. Any foreign exchange gains or losses are recognized in profit or loss. Interest income is calculated by multiplying the effective interest rate by the gross carrying amount of financial assets.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulties, defaulted, or where it is probable that the debtor will declare bankruptcy or other financial reorganization, or where an active market for the financial assets has disappeared due to financial difficulties.

(2) Impairment of financial assets

The Company assesses the impairment losses on financial assets measured at amortized cost (including accounts receivable) and contract cost assets on each balance sheet date based on the expected credit loss.

An allowance for losses is recognized for accounts receivable based on the expected credit loss over the duration. Other financial assets shall be evaluated for any significant increase in the credit risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss over a period of 12 months. If it is, recognize for provision of anticipated credit risk within the lifetime of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the lifetime of the financial instruments means the expected loss of credit from the financial instruments within the lifetime of these financial instruments.

For internal credit risk management purposes, the Company, without considering the collateral, determines the following circumstances indicating that a default has occurred on the financial instrument:

A. There is internal or external information indicating that the debtor is no longer able to pay their debts.

B. Payments are overdue for more than 120 days, unless there is reasonable and supporting information showing that the delayed basis of default is more appropriate.

The carrying amount of all financial assets is reduced through an allowance account, except for the allowance for losses on investments in debt instruments measured at fair value through other comprehensive income, which is recognized in other comprehensive income and does not reduce the carrying amount.

(3) The derecognition of financial assets

The Company's financial assets are derecognized only when the contractual rights to the cash flows from the financial assets become invalid, or when the financial assets are transferred and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

When a particular entry of financial assets measured at amortized cost is removed, the difference between its book value and consideration shall be recognized as income. When particular equity instruments measured at fair value through comprehensive income are entirely derecognized, the accumulated gains of loss shall be directly transferred to retained earnings without being classified as profit or loss.

2. Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity pursuant to the contractual agreements and the definition of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

Share capital - reacquired own equity instruments by the Parent are recognized and deducted under equity items, and their book value is calculated based on the weighted average basis by share type. The parent company's equity purchased, sold, issued, or cancelled is not recognized in the profit or loss.

3. Financial liabilities

(1) Subsequent measurement

Financial liabilities held by the Company are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

4. Convertible corporate bonds

The compound financial instruments (convertible corporate bonds) issued by the Company are classified as financial liabilities and equity respectively in the original recognition according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

In the original recognition, the fair value of the liability is estimated according to the prevailing market interest rate of a similar non-convertible instrument; also, it is measured at the amortized cost that is calculated according to the effective interest method before the conversion or maturity date. The liability of an embedded non-equity derivative is measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the fair value of the compound instrument as a whole less the fair value of the separately determined liability component, which is recognized in equity net of the income tax effect and is not subsequently measured. When the conversion right is exercised, the related liability component and the amount in equity will be transferred to equity and capital surplus - issuance premium. If the conversion rights of convertible corporate bonds are not executed on the maturity date, the amount recognized in the equity will be transferred to capital surplus - issuance premium.

The relevant transaction costs of the issuance of convertible corporate bonds are amortized to the liabilities of the instrument (included in the book value of the liability) and the equity (included in the equity) in proportion to the total amortization amount.

(14) Provisions

The amount recognized as a provision (including the contractual obligations to maintain or restore the infrastructure before it is handed over to the grantor that are derived from and specifically stated in the service concession arrangements) should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date under considerations for risks and uncertainties of obligations. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

The warranty obligations under sale contracts are measured at the best estimated amount of the expenditure required to settle the Company's obligation and are recognized when revenue is recognized for related goods.

The Company measures a sale contract that has been signed but not performed at the balance sheet date and recognizes a provision for the present obligation arising from an onerous contract if the unavoidable costs of meeting the contractual obligations under the contract exceed the economic benefits expected to be received under it.

The warranty obligations to ensure that the construction project conforms to agreed-upon specifications are measured at the best estimated value of the expenditure required to settle the Company's obligation and are recognized when revenue is recognized for related construction.

(15) Recognition of revenue

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

1. Merchandise sales revenue

The revenue from sale of goods derives from sales of optical cables, Fiber to the Home (FTTH) related accessories, internal and external communication transmission cables, power transmission cables, and other products. When the goods arrive at the place specified by the customer, the customer already has the right to set the price and use the goods, takes the primary responsibility for reselling them, and bears the risk of obsolescence; therefore, the Company shall recognize revenue and accounts receivable at that point in time.

When processing materials supplied by clients, the control of the ownership of the processed products has not been transferred; therefore, the Company shall not recognize revenue when materials are supplied by clients.

2. Construction revenue

Since the cost of construction is directly related to the degree of completion of performance obligations, the Company measures progress by the proportion of the actual input cost to the expected total cost. The Company progressively recognizes contract assets during the construction process and transfers them into accounts receivable when billing for contract works. Where the amount received for contract works exceeds the amount of revenue recognized, the difference is recognized as contract liabilities. The purpose for retentions held by customers for contract works in accordance with the contract terms is to ensure that the Company fulfills all its contractual obligations, which is recognized as contract assets before the completion of the company's construction contract.

When the outcome of a construction contract cannot be estimated reliably, the construction revenue is recognized only to the extent that the costs incurred performance of the contract obligations are expected to be recovered.

3. Telecommunications services revenue

The main source of telecommunications service revenue is from telecommunications fiber optic fixed network communication and related services, billed according to agreed rates. The monthly lease revenue from customers on the month-to-month leases is recognized on a monthly basis, and the revenue from users on the prepaid leases is recognized according to the actual usage of users. Receipts in advance before services are rendered are recognized as contract liabilities and will be transferred to revenue after services are actually rendered.

4. Service Concession revenue

The Company acquired the "Taipei City Fiber Optic Network Outsourcing Construction and Operation Project" and shall carry out basic construction or upgrade services for Taipei City Fiber Optic Network as agreed in the contract. When the Company obtains the right to collect toll charges from the users of public construction (as the consideration for providing construction services in the service concession arrangements, and the fair value of intangible asset - concession is measured), it shall recognize the construction revenue and contract assets progressively over time and transfer to intangible assets - concession after the construction is completed. In the operation stage, the Company shall recognize the telecommunications services revenue according to the amount agreed in the contract when the telecommunications services are actually provided.

(16) Lease

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

1. The Company is the lessor

A lease is classified as a capital lease when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the asset to the lessee. All other leases are classified as operating leases.

For an operating lease, the net lease payments of the lease incentives are recognized as income on a straight-line basis over the relevant lease periods.

In a lease agreement, the variable lease payments that do not depend on an index or a rate are recognized as income in the period in which they occur.

2. The Company is the lessee

Except for the low-value leased assets entitled to exemption and lease payments for short-term leases recognized as expenses on a straight-line basis over the lease term, the right-of-use assets and lease liabilities of other leases are recognized starting from the lease commencement date.

The right-of-use asset is measured initially at cost, subsequently measured at cost less accumulated depreciation and accumulated impairment, with an adjustment made to the remeasurement of the lease liability. The right-of-use assets are expressed separately in the consolidated balance sheet.

The right-of-use assets are depreciated on a straight-line basis over the period starting from the lease commencement date to the end of their useful life or the expiration of the lease term, whichever is sooner.

The lease liability is measured at the present value of the lease payments (including fixed payments and variable lease payments that depend on an index or a rate). If the lease implied interest rate is easy to determine, the lease payment is discounted at the said implied interest rate. If said lease implied interest rate is not easy to determine, the lease payment is discounted at the lessee's incremental borrowing rate of interest.

Subsequently, the lease liability is measured according to the effective interest method and the amortized cost; also, the interest expense is amortized over the lease term. The Company only remeasures the lease liability when there is a change in future lease payments resulting from the lease term or a change in the index or rate that is used to determine those payments, with an adjustment made to the right-of-use asset. However, if the carrying amount of the right-of-use asset has been reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications that are not treated as individual leases, the remeasurement of the lease liability due to a reduction in the scope of the lease is a reduction of the right-of-use asset and gains or losses are recognized for partial or full termination of the lease. The remeasurement of lease liabilities due to other modifications is adjusted for the right-of-use assets. Lease liabilities are expressed separately in the consolidated balance sheet.

(17) Government subsidies

Government subsidies are recognized only when it is reasonably certain that the Company will comply with the conditions attached to the government subsidies and that the subsidies will be received.

Government subsidies related to revenue are recognized in other revenue on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the Company.

Government subsidies are recognized in profit or loss in the period in which they become collectible if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Company and have no future related costs.

(18) Employee benefits

1. Short-term employee benefits

Liabilities relating to short-term employee benefits are measured by the non-discounted amount of the expected payment in exchange for employee services.

2. Post-employment benefits

Underdefined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The defined benefit cost (including service cost, net interest and remeasurement) of defined benefit pension plan is actuarially determined using the projected unit credit method. Service cost (including current service cost) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expense as incurred. Remeasurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income and included in retained earnings as incurred and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) represents the deficit (remaining) of the defined benefit pension plan appropriation. The net defined benefit liability (asset) may not exceed the present value of refunds of appropriations from the plan or reductions in future appropriations.

(19) Share-based payment agreement-Employee stock option

When the Company issues new shares for cash capital increase, part of such shares shall be reserved subscription by employees according to law in a share-based payment arrangement. It shall measure the fair value of the services received by reference to the fair value of the equity instruments at grant date and at the same time recognize it as salary expenses and capital surplus.

(20) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax expenses in the current period

The Company determines income (loss) for the period in accordance with the regulations enacted by the income tax reporting jurisdictions and calculates income tax payable (recoverable) accordingly.

Additional Income tax on undistributed earnings calculated in accordance with the ROC Income Tax Act is recognized in the year in which resolutions are made at the shareholders' meeting.

The adjustment to previous period income tax payable is booked as current income tax.

2. Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences while deferred tax assets are recognized for deductible temporary differences and unused tax losses (tax credits) carried forward, to the extent that it is probable that future taxable profits will be available.

The Company shall recognize a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

The book amount of deferred tax assets must be reviewed at each balance sheet date. The book amount of those that no longer have any sufficient taxable income to recover all or part of the asset should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount of those that is likely to generate taxable income in the future for the recovery of all or part of their assets should be adjusted up.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Current and deferred income tax for the year

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive income or directly included in the equity are recognized in other comprehensive income or directly included in the equity. If the current income tax or deferred income tax arises from a business merger, the income tax effect is included in the accounting for the business merger.

5. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

In adopting accounting policies, management is required to make judgments, estimates and assumptions that are based on historical experience and other relevant factors when relevant information is not readily available from other sources. Actual results may differ from the estimates.

The management will review estimates and underlying assumptions on an ongoing basis. If a revision of an estimate affects only the current period, it is recognized in the period in which it is revised. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which it is revised and in the future periods.

Estimations, and Main Sources of Assumption Uncertainties

Impairment of property, plant and equipment and intangible assets

For the Company's property, plant and equipment and intangible assets, if there is objective evidence of an indication that it is impaired, the recoverable amount (i.e. the higher of fair value less costs of disposal and value in use) of these assets should be assessed. Changes in market prices or future cash flows will affect the recoverable amount of these assets, which may cause the Company to additionally recognize impairment losses or reverse previously recognized impairment losses. For details about the carrying amounts of the Company's property, plant and equipment and intangible assets as of December 31, 2023 and 2022, please refer to Notes 14 and 17.

Significant Accounting Judgments

Recognition and measurement of intangible assets under the service concession arrangements

The Company's service concession arrangement refers to the Taipei City Fiber Optic Network Outsourcing Construction and Operation Project Contract signed with the Taipei City Government, with a total contract period of 25 years from the date on which the contract was signed. According the content of the above service concession arrangement, the Company shall recognize an intangible asset at fair value to the extent that it receives a right to charge users of the public service; in addition, IFRIC 12 "Service Concession Arrangements" shall also apply to the portion of the infrastructure that is not required to be handed over to the grantor as specifically stated if the installation of the hardware equipment for Taipei City Fiber Optic Network and the operation of fiber optic networking services are conducted over the entire useful life thereof. If it is expected that, within the entire useful life, the infrastructure will not be solely used in a service concession arrangement, i.e., the infrastructure constitutes any significant residual equity controlled by the Company at the end of the service agreement period, then the treatment under IAS 16 “Property, Plant and Equipment” shall apply. For details about the carrying amounts of the Company's property, plant and equipment as of December 31, 2023 and 2022, please refer to Notes 14 and 17.

6. Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Petty cash and cash on hand	$ 1,707	$ 1,287
Checking accounts and demand deposits	488,877	530,138
Cash Equivalents		
Time deposit with original maturity dates within 3 months	457,000	-
	$ 947,584	$ 531,425

The interest rate range at the balance sheet date for the Company's cash Equivalents and pledged time deposits (recorded as other financial assets - current and other financial assets - non-current):

	December 31, 2023	December 31, 2022
Time deposit with original maturity dates within 3 months	0.55%～1.16%	-
Pledged time deposit	0.80%～1.59%	0.58%～1.465%

7. Financial Instruments Measured at Fair Value Through Profit or Loss

	December 31, 2023	December 31, 2022
Current		
Measured at fair value through income under compulsion		
Non-derivative financial instruments		
－Funds	$ 15,973	$ 29,104
－Stocks listed on the TWSE/TPEx	14,170	11,210
	$ 30,143	$ 40,314
Non-current		
Measured at fair value through income under compulsion		
Non-derivative financial instruments		
－Funds	$ 8,384	$ -

8. Financial assets measured at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Non-current		
Domestic Investment		
Stocks not listed on the TWSE/TPEx		
Euroc III Venture capital Corp.	$ -	$ 65
KABLETEK CORPORATION	-	-
Glory Technology Service Inc.	17,684	16,517
	$ 17,684	$ 16,582

The Company invests in the common stocks of the non-TWSE and non-TPEx listed companies according to its medium and long-term strategic goals and expects to make profits through long-term investments. The Company's management believes that it would be inconsistent with the aforementioned long-term investment plan to include short-term fair value fluctuations of these investments in profit or loss, and has therefore elected to designate these investments as measured at fair value through other comprehensive income.

Euroc III Venture capital Corp. completed the liquidation process in February, 2023, with remaining assets distribution of NT$76 thousand (accounted as other receivables), and the related other equity - unrealized loss of NT$796 thousand of financial assets measured at fair value through other comprehensive income were transferred to retained earnings.

9. Notes receivable, accounts receivable and other receivables

	December 31, 2023	December 31, 2022
Notes receivable		
Measured at amortized cost		
Total book value	$ 1,404	$ 1,075
Less: Allowance for losses	-	-
	$ 1,404	$ 1,075
Incurred by operation	$ 1,404	$ 1,075
Occurred not due to business -	-	-
	$ 1,404	$ 1,075
Accounts receivable		
Measured at amortized cost		
Accounts receivable	$ 207,000	$ 237,012
Less: Allowance for losses	1,405	9,234
	$ 205,595	$ 227,778
Other receivables		
Construction bond receivable	$ 480	$ -
Accounts receivable for performance guarantees	-	2,492
Interest receivable on fixed deposits	661	267
Tax refund receivable	18	96
Others	478	387
	1,637	3,242
Less: Allowance for losses	-	14
	$ 1,637	$ 3,228

The Company's customer base mainly consists of domestic and foreign telecommunications companies or peer companies. In the balance of accounts receivable on December 31, 2023 and 2022, for details about the credit risk resulting from the concentration in significant customers, please refer to Note 30.

The Company provides an average credit term of 90 - 120 days on sale of goods in Taiwan and Southeast Asia, and collects money according to the contract or the trading conditions in the Chinese market; therefore, there is no specific number of days for credit terms, and no accrued interest on the accounts receivable.

Before taking orders from new customers, the Company shall evaluate their credit quality and set their credit limits after learning more about the customers through external information or visits by sales personnel.

For accounts receivable that have been overdue at the balance sheet date but on which the Company has not yet recognized the allowance for losses, since the credit quality has not significantly changed, the Company's management believes that the amount can still be recovered. The Company does not hold any collateral or other credit enhancements for these accounts receivable. In addition, the Company does not have the statutory rights to offset account payables with account receivables for the same counterparty either.

The Company shall recognize the allowance for loss on accounts receivable based on the expected credit losses over the duration using the IFRS 9 simplified approach. Expected credit losses over the duration are calculated using a provision matrix, which takes into account the customer's past default records and current financial position, the economic conditions of the industry, as well as GDP forecasts and industry outlook.

If there is any evidence indicating that the counterparty is facing financial difficulties and the Company cannot reasonably expect the recoverable amount; for example, the counterparty is in the liquidation procedure or the claim has been overdue for more than a certain number of days, the Company will directly write off the related accounts receivable and continue the claims activity, with the amount recovered in claims collection to be recognized in profit or loss.

The allowance for losses on accounts receivable

based on the provision matrix is as follows:

December 31, 2023

(1) Government organization

	Not overdue	Overdue 1 to 60 days	Overdue 61 to 120 days	Overdue for more than 120 days	Total
Expected credit loss rate	0%	0.48%~ 0.71%	1.21%~ 1.25%	5.29%~ 100%	
Total book value	$121,027	$ 25	$ -	$ -	$121,052
Allowance for loss (expected credit loss of the given duration)	(3)	-	-	-	(3)
Measured at amortized cost	$121,024	$ 25	$ -	$ -	$121,049

(2) Enterprise organizations and individual users

	Not overdue	Overdue 1 to 60 days	Overdue 61 to 120 days	Overdue for more than 120 days	Individual assessment	Total
Expected loss rate	0%~ 0.03%	51.28%~ 74.82%	96.66%~ 97.82%	98.50%~ 100%	100%	
Total book value	$83,319	$ 968	$ 750	$ 49	$ 862	$85,948
Allowance for loss (Expected credit loss of the given duration)	(4)	(487)	-	(49)	(862)	(1,402)
Measured at amortized cost	$83,315	$ 481	$ 750	$ -	$ -	$84,546

December 31, 2022

	Not overdue	Overdue 1 to 60 days	Overdue 61 to 120 days	Overdue for more than 120 days	Individual assessment	Total
Expected credit loss rate	0%~ 0.09%	1.25%~ 7.25%	29.49%~ 38.34%	99.79%	100%	
Total book value	$219,793	$ 8,130	$ 127	$ 6,678	$ 2,284	$237,012
Allowance for loss (expected credit loss of the given duration)	(93)	(173)	(20)	(6,664)	(2,284)	(9,234)
Measured at amortized cost	$219,700	$ 7,957	$ 107	$ 14	$ -	$227,778

The information on the changes in the allowance for losses on accounts receivable and other receivables of the Company were as follows:

	2023	2022
Balance, beginning of year	$ 9,248	$ 18,115
Less: Reversal for losses for the year	(1,194)	(8,910)
Less: Offsetting for the year	(6,635)	(14)
Foreign currency translation differences	(14)	57
Balance, end of year	$ 1,405	$ 9,248

10. Inventory

	December 31, 2023	December 31, 2022
Finished goods	$ 411,280	$ 198,705
Work in process	54,859	4,643
Raw materials and supplies	254,211	263,645
Inventory in transit	1,573	1,579
	$ 721,923	$ 468,572

The nature of the cost of goods sold:

	2023	2022
Cost of inventory sold	$ 648,161	$ 880,474
Inventory falling price loss	33,122	37,751
Recognition (reversal) of provisions (Note 21)	(12,901)	169,547
Inventory obsolescence losses	-	4,118
	$ 668,382	$ 1,091,890

11. Prepayments

	December 31, 2023	December 31, 2022
Prepaid tax	$ 36,299	$ 13,815
Advance payment for imports	4,078	8,567
Prepayments for purchases	8,551	7,350
Advance payment for construction	137,884	6,096
Others	26,069	18,735
	$ 212,881	$ 54,563

12. <u>Subsidiary</u>

(1) Subsidiaries Included in Consolidated Financial Statements

Entities covered by the consolidated financial statements are as follows:

			Shareholding	
Investor name	Subsidiary name	Nature of business and other information	Dec. 31, 2023	Dec. 31, 2022
Tai Tung Communication	AgrandTech Limited (Samoa) (hereinafter referred to as "AgrandTech")	Established in Mauritius in February 2004, it is mainly engaged in reinvestment, import and export. Became a subsidiary directly owned by Tai Tung Communication after An Tung Optoelectronic Co., Ltd. merged with Tai Tung Communication in April 2009. In January 2022, it changed its place of incorporation to Samoa.	100%	100%
	Qiong Lian Co., Ltd. (hereinafter referred to as "Qiong Lian")	In April 2011, the Parent invested in Qionglian Co., Ltd., which is engaged in sale of communication equipment and cables	100%	100%
	Taiwan Intelligent Fiber Optic Network Co., Ltd. (hereinafter referred to as "TAIFO")	Established in January 2012, which is the company set up according to the "Taipei City Fiber Optic Network Outsourcing Construction and Operation Project" Contract acquired by the parent company on December 16, 2011 and mainly engaged in Telecommunications business. （Note1）	68.22%	68.22%
	King Tung Resources Co., Ltd. (hereinafter referred to as "King Tung Resources")	Established in June 2014, it is mainly engaged in international trade	89.71%	89.06%
	Sing Tung Technologies Pte. Ltd. (hereinafter referred to as "Sing Tung")	Established in Singapore in January 2016, it is a company established because the parent company acquired the fireproof packaging materials engineering project for Singapore's telecommunications company in 2015 and mainly engaged in the communications network engineering business	97%	97%

	Datong Construction Co., Ltd. (hereinafter referred to as "Datong Construction")	Established in August 2017, it is mainly engaged in the construction industry.（Note2）	51%	51%
AgrandTech	Anhui Tonghua Optoelectronics Co., Ltd. (hereinafter referred to as "Tonghua Optoelectronics")	Established in September 2003 in Anhui, China, it is mainly engaged in production and sale of self-produced communications fiber optic cables, cables, and communication related products	97%	97%

Note 1: Taifo was approved for establishment on January 6, 2012 and approved for public offering of shares by the Financial Supervisory Commission on June 18, 2012. With the wired communication network services business as its main business item, in April 2013, Taifo obtained the network construction permit for the local network business and began the installation of Taipei City Fiber Optic Network. In July 2014, it obtained the concession license for the local network business from the National Communications Commission (NCC), and in August, 2021, it was approved by NCC and registered as a telecommunications enterprise.

Note 2: Datong Construction was resolved to dissolve on June 15, 2023.

Note 3: In 2023 and 2022, except for TAIFO which was a major subsidiary, AgrandTech, Qiong Lian, King Tung Resources, Tonghua Optoelectronics, Sing Tung, and Datong Construction were all non-major subsidiaries.

Note 4: Except for the financial statements of Taifo and King Tung Resources that have been audited by CPAs, the recognition by other companies was made based on the financial reports that have not been audited by CPAs. The Company believes that, if audited by the CPAs, the impact on the consolidated financial statements is not significant.

Note 5: The Company does not have any subsidiary that is not included in the consolidated financial report.

(2) Information on subsidiaries with significant non-controlling interests

Subsidiary name	Percentage of ownership interests and voting rights December 31, 2023	December 31, 2022
TAIFO	31.78%	31.78%

For information on the country where the principal place of business is and the company is registered, please refer to the attached Table 5.

	Profit or loss allocated to non-controlling interests		Non-controlling interests	
Subsidiary name	2023	2022	December 31, 2023	December 31, 2022
TAIFO	$23,539	$ 6,972	$761,214	$737,673

The following subsidiary's consolidated financial information is prepared on the basis of the amount before eliminating intercompany transactions:

TAIFO

	December 31, 2023	December 31, 2022
Current assets	$ 875,816	$ 360,127
Non-current assets	3,161,840	3,279,943
Current liabilities	(119,584)	(154,763)
Non-current liabilities	(1,533,080)	(1,174,390)
Equity	$ 2,384,992	$ 2,310,917

	2023	2022
Operating revenue	$ 830,394	$ 687,711
Net profits for the year	$ 74,067	$ 21,940
Other comprehensive income	8	50
Total comprehensive income	$ 74,075	$ 21,990
Cash flow		
Operating activities	$ 286,635	$ 262,458
Investing activities	(125,940)	(15,546)
Financing activities	320,853	(163,632)
Net cash inflow	$ 481,548	$ 83,280
Dividends paid to non-controlling interests	$ -	$ -

13. Investments accounted for using the equity method

	December 31, 2023	December 31, 2022
Individually insignificant associates		
Fiber Logic Communications, Inc. (hereinafter referred to as "Fiber Logic")	$ 134,824	$ 112,225
Chien Tung (hereinafter referred to as Chien Tung)	162,235	117,274
Glory Technology Service Inc. (hereinafter referred to as “Glory Technology”)	30,210	34,704
	$ 327,269	$ 264,203

	Percentage of ownership interests and voting rights	
Company name	December 31, 2023	December 31, 2022
Fiber Logic	27.94%	28.97%
Chien Tung	24.03%	25.23%
Glory Technology	20.16%	20.16%

As Fiber Logic distributed a total of 528 thousand new shares to employees as remuneration on December 8, 2022, the Company's shareholding ratio decreased from 29.75% to 28.97%, and the retained earnings were written down by NT$888 thousand for the amount of changes in ownership interests. It bought back treasury stock in installments and transferred them to employees from July to November, 2023, and issued new shares as remuneration to employees in December, 2023. As a result, the Company's shareholding ratio decreased from 28.97% to 27.94%. The change in its ownership equity was offset by reducing retained earnings by NT$25 thousand and increasing the capital surplus by NT$236 thousand.

Chien Tung conducted a cash capital increase of NT$200,000 thousand on March 28, 2022, issuing 20,000 thousand shares at NT$10 per share, of which 4,205 thousand shares were subscribed by the Company, with an investment amount of NT$42,050 thousand. The shareholding ratio decreased from 28.03% to 25.23%, and the change in ownership equity was reflected by increasing the capital surplus by NT$234 thousand. On March 24, 2023, a cash capital increase of NT$200,000 thousand was carried out, with 20,000 thousand shares issued at NT$10 per share. The Company subscribed to 4,205 thousand shares for an investment amount of NT$42,050 thousand. Consequently, the shareholding ratio decreased from 25.23% to 24.03%, and the change in ownership equity was reflected by increasing the capital surplus by NT$506 thousand.

As approved by TAIFO's board of directors on May 27, 2022, in order to expand business and obtain fiber optic network resources from other company, TAIFO participated in Glory Technology's 2022 cash capital increase, subscribed 1,000 thousand shares of Glory Technology at NT$25 per share, and take assignment of 500 thousand shares of the company's original shareholders at NT$20 per share, with a total investment amount of NT$35,000 thousand. A total of 1,500 thousand shares of Glory Technology were acquired, representing a 20.16% ownership stake.

For Glory Technology, Fiber Logic, and Chien Tung, the Company calculates the investments accounted for using the equity method and share of profit or loss to which the company is entitled and other comprehensive income based on the financial reports that have not been audited by CPAs. However, the management of the Company believes that if the financial statements undergo audit by the CPAs, it is not likely to have a significant impact.

Information on individually insignificant associates is summarized as follows:

	2023	2022
Share to which the company is entitled		
Net profits for the year	$ 26,829	$ 14,351
Other comprehensive income	8	50
Total comprehensive income	$ 26,837	$ 14,401

14. Property, Plant and Equipment

	Land	Buildings and structures	Machinery equipment	Telecommunications equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and Equipment to be inspected	Total
Costs										
Balance as of January 1, 2022	$813,182	$338,540	$496,596	$1,224,904	$52,119	$24,025	$97,356	$14,045	$6,391	$3,067,158
Addition	115,524	8,246	31,978	44,893	5,502	939	1,822	-	12,297	221,201
Disposal	-	(1,403)	(29,202)	-	(3,174)	(144)	(2,730)	-	-	(36,653)
Effect of foreign exchange differences	-	394	1,852	-	595	9	-	27	-	2,877
Reclassification	-	1,440	28,500	28,391	-	-	-	-	(6,452)	51,879
Balance as of December 31, 2022	$928,706	$347,217	$529,724	$1,298,188	$55,042	$24,829	$96,448	$14,072	$12,236	$3,306,462
Accumulated depreciation and impairment										
Balance as of January 1, 2022	$ -	$113,325	$412,075	$426,848	$37,485	$20,742	$74,020	$10,218	$ -	$1,094,713
Elimination - asset disposal	-	(983)	(21,697)	-	(3,174)	(144)	(2,578)	-	-	(28,576)
Depreciation expenses	-	12,545	12,812	88,613	3,265	1,638	7,259	2,736	-	128,868
Recognition of impairment losses	-	139	2,837	-	-	28	-	-	-	3,004
Effect of foreign exchange differences	-	316	1,852	-	343	10	-	28	-	2,549
Reclassification	-	-	-	5,992	-	-	-	-	-	5,992
Balance as of December 31, 2022	$ -	$125,342	$407,879	$521,453	$37,919	$22,274	$78,701	$12,982	$ -	$1,206,550
Net as of December 31, 2022	$928,706	$221,875	$121,845	$776,735	$17,123	$2,555	$17,747	$1,090	$12,236	$2,099,912
Costs										
Balance as of January 1, 2023	$928,706	$347,217	$529,724	$1,298,188	$55,042	$24,829	$96,448	$14,072	$12,236	$3,306,462
Addition	-	53,989	46,611	56,720	11,893	1,191	1,691	-	14,600	186,695
Disposal	-	(81,672)	(113,613)	-	(6,748)	(6,629)	(177)	(1,841)	-	(210,680)
Effect of foreign exchange differences	-	(486)	(311)	-	67	(2)	-	(5)	-	(737)
Reclassification	(120,585)	297,251	14,976	38,675	-	7,001	-	-	(10,606)	226,712
Balance as of December 31, 2023	$808,121	$616,299	$477,387	$1,393,583	$60,254	$26,390	$97,962	$12,226	$16,230	$3,508,452
Accumulated depreciation and impairment										
Balance as of January 1, 2023	$ -	$125,342	$407,879	$521,453	$37,919	$22,274	$78,701	$12,982	$ -	$1,206,550
Elimination - asset disposal	-	(81,672)	(113,613)	-	(6,584)	(6,629)	(177)	(1,841)	-	(210,516)
Depreciation expenses	-	25,409	20,879	101,306	5,271	3,873	6,949	726	-	164,413
Effect of foreign exchange differences	-	(429)	(311)	-	35	(2)	-	(5)	-	(712)
Balance as of December 31, 2023	$ -	$68,650	$314,834	$622,759	$36,641	$19,516	$85,473	$11,862	$ -	$1,159,735
Net as of December 31, 2022	$808,121	$547,649	$162,553	$770,824	$23,613	$6,874	$12,489	$ 364	$16,230	$2,348,717

For the purpose of asset activation, the Parent made the building in Wugu a factory building by joint construction and separate ownership of property with Ching Tong Investment Co., Ltd. and Founding Construction Development Corp. and signed a joint building construction contract in September 2021 (see Note 34 (12) for more information). According to the contract, the Parent shall bear the obligation of demolishing, vacating, checking and handing over the existing building on the land. The recoverable amount of the building was assessed to be less than the carrying amount; therefore, the Parent has recognized impairment losses of NT$4,197 thousand for buildings and structures and investment property in 2022, which are recorded under other gains and losses. The aforementioned building was demolished during the fiscal year 2023 and subsequently removed from the records.

The Parent ceased to lease the factory building in Toufen in May 2022.The machinery equipment in the factory building was assessed to be unusable and unsalable due to high maintenance and repair costs. Hence, an impairment loss of NT$2,837 thousand was recognized in 2022.

For the "Taipei Fiber Optic Network Outsourcing Construction and Operation Project" held by TAIFO as of December 31, 2023 and 2022, communication equipment, unfinished projects, and equipment awaiting inspection (classified as property, plant, and equipment), as well as service concession rights (classified as intangible assets), underwent impairment assessment. On those dates, the recoverable amount exceeded the carrying amount, and thus, no impairment loss was recognized. The value in use was adopted by TAIFO as the recoverable amounts for the above-mentioned assets with the pre-tax discount rates of 9.8% and 9.7%, respectively. The recoverable amounts are measured based on the asset impairment assessment report issued by an independent appraisal expert who is not a related party.

Taking into account the condition of operating losses of Tonghua Optoelectronics and Tai Wan, the Parent carried out the dissolution and liquidation procedures of the subsidiaries as approved by the board of directors on January 4, 2022. Tai Wan has completed the liquidation and deregistration, and Tonghua Optoelectronics has not completed the liquidation.

The Parent signed an agricultural land purchase agreement in October, 2022. Because the purchased agricultural land could not be transferred in the name of the Parent, it was temporarily registered in the name of LEE CHING HUNG, the Parent's Chairman, with whom a contract of borrowing other's name for real estate registration was signed to clearly define the rights and obligations of both parties. The Parent is applying to the relevant authorities for land change and designation successively. As of December 31, 2023, the Parent has the land with name-borrowing registration amounting to NT$71,602 thousand.

For the amount of the Company's pledged property, plant and equipment as a loan guarantee, please refer to Note 35.

The Company's property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings and structures	
Plant main building	25 to 40 years
Building equipment and renovation engineering	5 to 20 years
Machinery equipment	
Fiber optical cables, wire & cables manufacturing, and experiment equipment	2 to 34 years
Other manufacturing equipment	2 to 15 years
Telecommunications equipment	3 to 15 years
Transportation equipment	2 to 20 years
Office equipment	3 to 5 years
Leasehold improvements	1 to 15 years
Other equipment	7 to 15 years

15. Lease agreement

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Land	$ 1,159	$ 2,989
Building	42,543	9,843
Transportation equipment	1,932	-
Office equipment	565	791
	$ 46,199	$ 13,623

	2023	2022
Addition of right-of-use assets	$ 50,739	$ 11,797
Derecognition of right-of-use assets	$ 2,350	$ 718
Depreciation expenses of right-of-use assets		
Land	$ 1,830	$ 1,842
Building	13,481	13,859
Transportation equipment	276	-
Office equipment	226	226
	$ 15,813	$ 15,927

Except for the addition, derecognition, and recognition of depreciation expenses as listed above, no significant sublease and impairment occurred on the Company's right-of-use assets in 2023 and 2022.

(2) Lease liability

	December 31, 2023	December 31, 2022
Carrying amount of lease liability		
Current	$ 14,843	$ 8,320
Non-current	$ 31,696	$ 5,600

The discount rate range of the Company's lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Land	2.65%	1.46%~2.65%
Building	2.04%~2.21%	1.44%~2.21%
Office equipment	1.44%	1.44%
Transportation equipment	2.14%	-

(3) Major lease activities and terms

The rent of land, factory buildings, and office space leased by the Company is calculated based on the actual number of ping on lease and is paid once a month. Leases may be renewed upon expiry with a 3 to 5 year lease term. The rent of vehicles leased by the Company is paid once a month with a 2-year lease term. Upon termination of the lease term, there are no preferential rights to purchase according to the Company's lease agreements.

(4) Other lease information

For details about the Company's agreements on leasing investment property under operating leases, please refer to Note 16.

	2023	2022
Short-term lease expenses	$ 4,848	$ 6,981
Low-value asset lease expenses	$ 61	$ 33
Total cash outflow from lease	($ 21,653)	($ 23,534)

All lease commitments for the lease period commencing after the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Lease commitments	$ 4,320	$ 180

16. Investment property

	Investment property
Costs	
Balance as of January 1, 2022 and December 31, 2022	$ 118,253
Accumulated depreciation and impairment	
Balance as of January 1, 2022	$ 17,785
Depreciation expenses	279
Recognition of impairment losses	4,030
Balance as of December 31, 2022	$ 22,094
Net as of December 31, 2022	$ 96,159
Costs	
Balance as of January 1, 2023	$ 118,253
Disposal	(22,094)
Reclassification	120,585
Balance as of December 31, 2023	$ 216,744
Accumulated depreciation and impairment	
Balance as of January 1, 2023	$ 22,094
Elimination - asset disposal	(22,094)
Balance as of December 31, 2023	$ -
Net as of December 31, 2022	$ 216,744

The fair value of the Company's investment properties as of December 31, 2023 and 2022, respectively, amounted to NT$707,736 thousand and NT$721,094 thousand. The valuation of such fair value had not been made by an independent appraiser, and it was actually the result of an assessment conducted with reference to the market evidence similar to the latest real estate transaction prices in the real estate brokerage industry and was classified as Level 3 in the fair value hierarchy.

All investment property of the Company was self-owned equity. For the amount with respect to the Company's pledged investment property as a loan guarantee, please refer to Note 35.

In terms of operating leases, the Company has leased out the investment property owned by itself, with a 2-year lease term, and the lessee has no preferential rights to purchase the property at the end of the lease term.

As of December 31, 2023 and 2022, the lease premiums received by the Company under operating leases as employees were both NT$200 thousand (recorded as other non-current liabilities).

The total lease payments that the Company will receive in the future for leasing out investment property under operating leases as of December 31, 2023 and 2022 are listed as follows:

	December 31, 2023	December 31, 2022
First year	$ 1,800	$ 650
Second year	750	-
	$ 2,550	$ 650

17. Intangible assets

	Service Concession	Computer software	Total
Costs			
Balance as of January 1, 2022	$ 2,567,870	$ 214,375	$ 2,782,245
Acquired separately	74,600	539	75,139
Balance as of December 31, 2022	$ 2,642,470	$ 214,914	$ 2,857,384
Accumulated amortization and impairment			
Balance as of January 1, 2022	$ 521,326	$ 175,588	$ 696,914
Amortization expenses	139,345	21,331	160,676
Balance as of December 31, 2022	$ 660,671	$ 196,919	$ 857,590
Net as of December 31, 2022	$ 1,981,799	$ 17,995	$ 1,999,794
Costs			
Balance as of January 1, 2023	$ 2,642,470	$ 214,914	$ 2,857,384
Acquired separately	92,605	595	93,200
Balance as of December 31, 2023	$ 2,735,075	$ 215,509	$ 2,950,584
Accumulated amortization and impairment			
Balance as of January 1, 2023	$ 660,671	$ 196,919	$ 857,590
Amortization expenses	145,527	18,263	163,790
Balance as of December 31, 2023	$ 806,198	$ 215,182	$ 1,021,380
Net as of December 31, 2022	$ 1,928,877	$ 327	$ 1,929,204

(1) The Company signed the "Taipei City Fiber Optic Network Outsourcing Construction and Operation Project" with the Taipei City Government in January 2012 and mainly carried out the deployment and operation of the fiber optic network covering the entire Taipei City to strengthen and enhance the broadband environment in Taipei City. As of December 31, 2023 and 2022, the Company's pledged certificate of deposits used as performance bonds in this project were NT$62,469 thousand and NT$61,817 thousand, respectively. (Recorded as other financial assets - non-current)

(2) The Company provides construction services in exchange for the service concession rights agreement mentioned above for the operational project. In 2023 and 2022, it recognized construction revenue of NT$92,605 thousand and NT$74,600 thousand, respectively, and construction costs of NT$81,893 thousand and NT$68,344 thousand. When construction is

provided, the consideration receivable is recognized as intangible assets at fair value which is based on the intangible asset valuation report issued by Zenith Management Consulting Co., Ltd.

(3) The Company's fiber-optic Internet services have been launched in all 12 administrative districts of Taipei City, and it has completed the installation of the transmission systems in several areas for the "Taipei City Video Surveillance System Center and Field Equipment Turnkey Project" and the "Procurement Project for the Second Phase of Expansion and Construction for Taipei Video Surveillance System" of the Taipei City Police Department in October 2017. The intangible asset recognized for the aforementioned operational project, service concession rights, is amortized over the concession period during the actual operational phase.

(4) The above intangible assets are amortized on a straight-line basis over the following useful lives:

Computer software	3 to 5 years
Service Concession	The concession period until December 29, 2036

For details about the impairment assessment of intangible assets of TAIFO on December 31, 2023 and 2022, please refer to Note 14.

18. Bank loans

	December 31, 2023	December 31, 2022
Short-term borrowings		
Bank secured loan (Note 35)	$ 668,638	$ 150,000
Bank credit facility	40,000	50,000
	$ 708,638	$ 200,000
Long-term borrowings		
Syndicated loan	$ 1,525,000	$ 1,158,470
Bank secured loan (Note 35)	1,054,510	1,032,460
Bank credit facility	106,740	98,590
	2,686,250	2,289,520
Less: Unamortized cost of long-term bank loans	7,500	6,219
Less: Portion classified as due within one year	24,165	47,197
	$ 2,654,585	$ 2,236,104

(1) As of December 31, 2023 and 2022, the effective interest rates on short-term bank secured loans were 2.04% - 2.50% and 1.99%, respectively.

(2) As of December 31, 2023 and 2022, the effective interest rates on short-term bank credit facilities were 2.55% and 2.05%, respectively.

(3) Long-term bank collateral facilities will be successively maturing in May 2028. As of December 31, 2023 and 2022, the effective annual interest rates were 2.04% - 2.12% and 1.79% - 2.32%, respectively. Interest is paid monthly, with principal repayment in a lump sum at maturity.

(4) Long-term bank credit facilities will be successively maturing in October 2026. As of December 31, 2023 and 2022, the effective annual interest rates were 2.14% - 2.50% and 1.85% - 2.475%, respectively. Interest is paid monthly, with principal repayment either through monthly installments calculated on an equal basis throughout the loan term as specified in the loan agreement, or in a lump sum at maturity.

(5) TAIFO signed a 5-year syndicated loan agreement with nine banks including Mega International Commercial Bank with a total facility amount of NT$1.7 billion on August 27, 2021 (with the first drawdown made in September 2022). The effective interest rates as of December 31, 2022 were between 2.680% to 2.891%. This syndicated loan was fully repaid in advance on October 27, 2023.

(6) TAIFO signed a 5-year syndicated loan agreement with nine banks including Mega International Commercial Bank with a total facility amount of NT$1.9 billion on September 25, 2023 (with the first drawdown made in October 2023). The effective interest rate as of December 31, 2023 was 2.632%. The purpose of this loan application is to obtain funds required for the "Taipei City Fiber Optic Network Outsourcing Construction and Operation Project," and the Tai Tung Communication is a joint and several guarantor. The relevant terms and the amount used as of December 31, 2023 were listed as follows:

	Credit limit	Amount drawn/ guarantee balance	Credit period	Repayment method	Note
Loan A	$ 1,300,000	$ 1,235,000	From the first drawdown date to the expiration of the 5-year period	From the first drawdown date to the expiration of 9 months is Period 1; thereafter, every 3 months is a period with a total of 18 periods. The first 17 periods each amortize 2.5%, and Period 18 repays 57.5%. TAIFO has made an early repayment of the principal due within one year of NT$65,000 thousand on December 31, 2023.	Non-revolving type, drawdown by request, and the undrawn amount will be cancelled after 6 months from the date the contract was signed

Loan B	200,000	-	From the first drawdown date to the expiration of the 5-year period	From the first drawdown date to the expiration of 36 months is Period 1; thereafter, every 3 months is a period with a total of 9 periods. The first 8 periods each amortize 4%, and Period 9 repays 68%.	Non-revolving type, drawdown by request, and the undrawn amount will be cancelled after 36 months from the first drawdown date.
Loan C	400,000 (The total balance of loans C and D under the Syndicated Loan should not exceed NT$400,000.)	290,000	From the first drawdown date to the expiration of the 5-year period	Repayment in full at maturity	Revolving type; the minimum drawdown period for each application is 60 days, and the maximum drawdown period should not exceed 180 days.
Loan D	120,000 (The total balance of loans C and D under the Syndicated Loan should not exceed NT$400,000.)	48,123	From the first drawdown date to the expiration of the 5-year period	The guarantee period is until the expiration of the loan.	Revolving type; the expiration date of each letter of guarantee should not exceed two years at most

According to the agreement, during the duration of the agreement, TAIFO shall have the following in the individual financial statements every half year: (1) current ratio greater than 100%; (2) debt ratio (total liabilities/shareholders' equity) less than 100% and less than 80% since 2026; and (3) net worth not less than NT$1.7 billion and not less than NT$1.4 billion since 2025.

As of December 31, 2023, TAIFO did not violate the provisions of the loan agreement.

For details about the mortgage and collateral provided for bank loans, please refer to 35.

19. Notes payable and accounts payable

	December 31, 2023	December 31, 2022
Notes payable	$ 129	$ 254
Accounts payable	$ 158,970	$ 180,707

The average credit period for the Company's purchases is generally 3 months. The Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

20. Other payables

	December 31, 2023	December 31, 2022
Salary and bonus payables	$ 49,042	$ 49,372
Accrued employee bonuses and director and supervisor remuneration	5,850	1,155
Payables for equipment	8,140	-
Service expenses payable	6,332	6,574
Accrued taxes payable	11,623	16,067
Amounts payable for construction	-	2,844
Cleaning expenses payable	16,086	24,156
Others	35,134	49,243
	$ 132,207	$ 149,411

21. Provisions

	December 31, 2023	December 31, 2022
Current		
Onerous contracts	$ 113,102	$ 47,640
Employee benefits	7,988	2,801
Warranty	-	1,592
	$ 121,090	$ 52,033
Non-current (Note 23)		
Decommissioning liabilities	$ 12,721	$ 12,721
Provisions for loss contingency	35,600	34,188
Warranty	1,607	6,418
	$ 49,928	$ 53,327

	Onerous contract	Warranty	Decom-missioning liabilities	Provisions for loss contingency	Total
Balance as of January 1, 2023	$ 47,640	$ 8,010	$ 12,721	$ 34,188	$102,559
Addition (reversal) for the year (Recorded as construction cost)	94,878	(6,553)	-	-	88,325
Addition for the year (reversal) (recorded as cost of goods sold)	(13,364)	463	-	-	(12,901)
Addition for the year (recorded as other gains and losses)	-	-	-	1,412	1,412
Settled or utilized during the current year	(16,052)	(313)	-	-	(16,365)
Balance as of December 31, 2023	$113,102	$ 1,607	$ 12,721	$ 35,600	$163,030
Balance as of January 1, 2022	$152,577	$ 7,494	$ 12,555	$ -	$172,626
Addition (reversal) for the year (Recorded as construction cost)	(1,840)	516	-	-	(1,324)
Addition for the year (recorded as cost of goods sold)	169,547	-	-	-	169,547
Addition for the year (recorded as other gains and losses)	-	-	-	34,188	34,188
Financial costs	-	-	166	-	166
Offsetting contract assets - current	(2,879)	-	-	-	(2,879)
Offsetting other financial assets - current	(46,653)	-	-	-	(46,653)
Reclassification into allowance to reduce inventory to market (223,112) - - - (223,112)	(223,112)	-	-	-	(223,112)
Balance as of December 31, 2022	$ 47,640	$ 8,010	$ 12,721	$ 34,188	$102,559

(1) The provision for an onerous contract refers to, when the Company measures a non-cancelable sale contract that has been signed but not performed at the balance sheet date, the amount of unavoidable costs of meeting the obligations under the contract exceeding the economic benefits expected to be received under the contract. The Company expects to perform the

contract within one year, and this estimate may change with changes in performance of the contract and raw material costs.

(2) Provisions for employee benefits are estimates for the service leave entitlements for employees

(3) Warranty provisions refer to the management's best estimate of the future outflow of economic benefits arising from warranty obligations under the construction contract.

(4) Provisions for decommissioning liabilities refer to the obligations to dismantle, remove and restore estimated for the cost of property, plant and equipment, and are recognized as the cost of property, plant and equipment and decommissioning liabilities. If there is any change in the estimated amount or the discount rate to settle such obligations resulting in a change in the estimate of the above obligations, the relevant costs and liabilities should be adjusted in the current period. The increase in the liability amount due to the passage of time is recognized as interest expense.

Provisions for loss contingency refer to future payment obligations that may arise from the dispute over determination of the overdue liquidated damages between King Tung Resources and Taiwan Railways Administration (hereinafter referred to as the "TRA"), MOTC. Please refer to Note 36 (11).

22. Corporate bonds payable

	December 31, 2022
The fourth domestic secured convertible corporate bonds	$ -
Less: Discount on corporate bonds payable	-
	-
Less: Sell-back right to be exercised within one year	-
	$ -

The Parent issued the fourth domestic secured convertible corporate bonds on July 24, 2019, 3-year NT$300,000 thousand domestic secured convertible corporate bonds with a coupon rate of zero. The terms and conditions of issuance are described as follows:

(1) Bondholders may request the Parent to repay the principal in cash in one lump sum according to the face value of the corporate bond when the corporate bond matures.

(2) Bondholders can sell back corporate bonds at 101.5056% of the face value of the bonds 2 years after the issuance of the corporate bonds (June 24, 2021).

(3) If the closing price of the Parent's share is above 30% of the conversion price for 30 consecutive trading days of the Taiwan Stock Exchange, or the total value of outstanding convertible bonds becomes less than 10% of the total face value at issue, the Parent has the option to request

redemption of the bonds from bondholders by cash at face value from the next day of 3 months after bond issuance (September 25, 2019) to 40 days before maturity (May 15, 2022).

(4) Starting from the next day of 3 months after the issuance date (September 25, 2019) to the maturity date (June 24, 2022), unless during the period for suspension of transfer according to law, the bondholders may anytime ask for bond conversion into common stocks at the conversion price at that time. According to the regulations for the Issuance and conversion of corporate bonds, the reference date for determining the conversion price was set for June 14, 2019, with a conversion premium rate of 102% at a conversion price of NT$16.3 per share which, however, is subject to adjustment based on the formula for calculating the conversion price if the ratio of bonus shares and cash dividends on common stock to the market price per share exceeds 1.5%. Starting from November 12, 2020, the conversion price of the convertible corporate bond was adjusted to NT$16.1 per share in accordance with the terms and conditions of issuance.

The above convertible corporate bonds consist of two components: liabilities and equity. The equity component is expressed as capital surplus - stock options under the equity item. The effective interest rate originally recognized for the liability component was 1.5633%.

The amount of debt instruments under the master contract originally recognized was NT$286,264 thousand on the issuance date, which was the balance of the fair value of straight bonds of NT$290,250 thousand upon initial issuance minus the transaction cost apportioned to the primary liability of NT$4,983 thousand plus the related income tax effect of NT$997 thousand. The amount of redemption and sell-back rights originally recognized was NT$1,548 thousand. The equity component was NT$8,062 thousand, which was the original issue price minus the fair value of the liability component of NT$8,175 thousand, minus the transaction cost apportioned to the equity of NT$140 thousand plus the related income tax effect of NT$27 thousand.

The above convertible corporate bonds consist of liability and equity components. The components of initially issued liabilities and equity are listed as follows:

Issue price (minus the transaction costs of NT$5,150 thousand)	$ 294,850
Component of financial liabilities at fair value through profit or loss on the issuance date	(1,548)
Equity component on the issuance date (minus the transaction costs apportioned to the equity of NT$140 thousand and the related income tax effect of NT$27 thousand)	(8,062)
Deferred tax assets on the issuance date	1,024
Liability component on the issuance date (minus the transaction costs apportioned to the liability of NT$4,983 thousand and the related income tax effect of NT$997 thousand)	$ 286,264

The changes in the Parent's debt instruments under the master contract and derivatives with redemption and sell-back rights in 2022 are described as follows:

2022

	Debt instruments under the master contract	Derivatives with redemption and sell-back rights
Balance as of January 1, 2022	($ 122,340)	$ -
Interest expenses	(910)	-
Conversion into common stocks	38,050	-
Repayments of corporate bonds	85,200	-
Balance as of December 31, 2022	$ -	$ -

23. Other non-current liabilities

	December 31, 2023	December 31, 2022
Provisions - non-current	$ 49,928	$ 53,327
Deposits received	34,166	44,736
Others	12,694	13,381
	$ 96,788	$ 111,444

24. Post-employment benefit plans

(1) Defined contribution pension plan

The labor pension system prescribed in the "Labor Pension Act" applicable to the Company is a defined allocation pension plan regulated by the government, which requires that the company shall on a monthly basis contribute labor pension funds, i.e. six percent of the worker's monthly wage to individual labor pension accounts at the Bureau of Labor Insurance.

The amounts that should be appropriated by the Company according to the percentage specified in the defined contribution plan in 2023 and 2022 have been recognized as expenses in the consolidated statement of comprehensive income totaling NT$13,064 thousand and NT$12,722 thousand, respectively.

(2) Defined benefit plan

The labor pension system prescribed in the "Labor Standards Act" applicable to the Company is a defined allocation pension plan. The payment of employee pensions is calculated based on years of service and six months' average wage of the worker at the time when the retirement is approved. The Company shall appropriate labor pension reserve funds 2% of the total monthly wages of their employees, and such amount shall be deposited in a designated account at Bank of Taiwan by the Labor Pension Fund Supervisory Committee in the name of the Committee. Before the end of each year, after the balance in the designated account is assessed, if the amount is inadequate to pay pensions calculated for workers meeting the conditions and retiring in the following year, the Company is required to make up the difference in one appropriation before the end of March the following year. The management of the special account is entrusted to the Bureau of Labor Funds, the Ministry of Labor. The Company has no right to influence the investment management strategy.

The amount of the Company's defined benefit plan included in the consolidated balance sheet is presented as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 13,570	$ 13,384
The fair value of plan assets	(13,226)	(13,343)
Shortage of provisions (recorded as other non-current liabilities)	$ 344	$ 41

The changes in the Company's net defined benefit liability (asset) are described as follows:

	Present value of defined benefit obligations	The fair value of plan assets	Net defined benefit liability
Balance as of January 1, 2022	$ 13,269	($ 12,612)	$ 657
Service costs			
Current service cost	124	-	124
Interest expenses (incomes)	91	(87)	4
Recognized in profit or loss	215	(87)	128
Remeasurement			
Return on plan asset (other than amount included in net interest)	$ -	($ 972)	($ 972)
Actuarial loss - change in financial assumptions	484	-	484
Actuarial loss - adjustment through experience	(94)	-	(94)
Recognized in other comprehensive income	390	(972)	(582)
Employer appropriation	-	(162)	(162)
Payments of plan assets	(490)	490	-
December 31, 2022	$ 13,384	($ 13,343)	$ 41
Balance as of January 1, 2023	$ 13,384	($ 13,343)	$ 41
Service costs			
Current service cost	127	-	127
Interest expenses (incomes)	164	(164)	-
Recognized in profit or loss	291	(164)	127
Remeasurement			
Return on plan asset (other than amount included in net interest)	-	(116)	(116)

Actuarial loss - adjustment through experience	462	-	462
Recognized in other comprehensive income	462	(116)	346
Employer appropriation	-	(170)	(170)
Payments of plan assets	(567)	567	-
December 31, 2023	$ 13,570	($ 13,226)	$ 344

The Company is exposed to the following risks as a result of the pension system under the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic and foreign equity securities, debt securities, and bank deposits through its own management or entrusted third parties, but the amount allocated to the Company's plan assets is based on the income at a rate no less than the local bank's 2-year time deposit rate.

2. Interest rate risk: A fall in interest rates on government bonds causes the present value of the defined benefit obligation to increase; however, the return from debt investments on plan assets will also increase accordingly. The two provide a partially offsetting effect on the net defined benefit liability (asset).

3. Salary Risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, increases in plan member's salary will result in an increase in the present value of the defined benefit obligation.

The present value of the Consolidated Company's defined benefit obligation was actuarially determined by a qualified actuary and the significant assumptions at the measurement date were as follows.

	December 31, 2023	December 31, 2022
Discounted rate	1.250%	1.250%
Expected rate of salary increase	2.500%	2.500%

The amount by which the present value of the defined benefit obligation would increase (decrease) if there are reasonable possible changes in significant actuarial assumptions, with all other assumptions held constant, is as follows:

	December 31, 2023	December 31, 2022
Discounted rate		
Increased by 0.25%	($ 385)	($ 404)
Decreased by 0.25%	$ 399	$ 420
Expected rate of salary increase		
Increased by 0.25%	$ 393	$ 416
Decreased by 0.25%	($ 382)	($ 401)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation because the actuarial assumptions may be correlated and changes in only one assumption are not feasible.

	December 31, 2023	December 31, 2022
Amount expected to be appropriated within 1 year	$ 179	$ 152
Average duration to maturity of defined benefit obligation	13.0 years	12.0 years

25. Equity

(1) Common stock

	December 31, 2023	December 31, 2022
Authorized number of shares (in thousands of shares)	200,000	200,000
Authorized capital stock	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousands of shares)	170,922	150,922
Capital stock issued	$ 1,709,219	$ 1,509,219

On August 9, 2023, the Parent resolved to carry out a cash capital increase by issuing 20,000 thousand common shares at a price of NT$16.3 per share at the directors' meeting. The total issuance amount was calculated based on the face value at NT$200,000 thousand. The aforementioned cash capital increase has been approved by the Financial Supervisory Commission and became effective. The date for the capital increase was set as November 6, 2023, and the registration change was completed on November 30, 2023.

The bondholders of the Parent's fourth domestic secured convertible corporate bonds asked for conversion of bonds with a face value of NT$38,100 thousand into 2,367 thousand shares of common stock from January 2022 to June 30, 2022. As of December 31, 2022, the change registration was already completed.

The bondholders of the Parent's fourth domestic secured convertible corporate bonds asked for conversion of bonds with a face value of NT$38,100 thousand into 2,367 thousand shares of common stock since 2022, and the change registration was already completed.

(2) Capital surplus

	December 31, 2023	December 31, 2022
For loss make-up, payment in cash or capitalization as equity (Note)		
Stock issuance premium	$ 1,015,308	$ 889,308
Conversion premium of the convertible bond	229,684	404,780
Cancellation of treasury stock premium	-	4,965
Cancelled options	-	15,479
Only for loss make-up		
Changes in equity of associates accounted for using the equity method	236	292
May not be used for any purpose		
Cash capital increase employee stock options	928	-
	$ 1,246,156	$ 1,314,824

Note: Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

The board of directors of the Parent resolved to carry out a cash capital increase in 2023, with a portion of the shares reserved for subscription by employees. The fair value of the stock options granted was determined to be NT$1.13. The Parent recognized the compensation cost of the aforementioned cash capital increase employee stock options using the Black-Scholes valuation model, amounting to NT$928 thousand (recorded as operating expenses), and simultaneously adjusted the capital surplus. The parameters used in the valuation model are as follows:

	2023
Fair value on the given day	$ 17.35
Execution price	$ 16.30
Expected volatility	36.55%
Expected duration (in years)	0.03
The risk-free interest rate	0.34%

The expected volatility is calculated based on historical stock price volatility.

(3) Retained Earnings and Dividend Policy

According to the profit distribution policy of the Parent's Articles of Incorporation, after closing of accounts, if there is surplus earning, the Parent shall first make up the losses for the preceding years and then set aside a legal reserve of 10% of the net profit. Where such legal reserve amounts to the total paid-in capital of the Parent, this provision shall not apply. Any remaining surplus will be accrued or reversed in accordance with legal provisions or special surplus reserves. If there is still a balance, together with accumulated undistributed earnings, the board of directors will prepare a profit distribution proposal for consideration and approval by the shareholders' meeting for the distribution of dividends to shareholders.

For details about the distribution policy for employees' compensation and remuneration to directors and supervisors stipulated in the Parent's Article of Incorporation, please refer to Note 27 (4) employee benefit expenses.

The legal reserve should not be appropriated from surplus profits further when it amounts to the total paid-up capital. Legal reserve could be allocated for covering loss carried forward. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

The Parent held a general shareholders' meeting on May 31, 2021, and passed a resolution to cover the losses in 2021 by the beginning undistributed earnings and not to distribute shareholders' bonuses.

The 2022 deficit compensation as proposed by the Parent’s approval of shareholder’s meeting on June 26, 2023.

Item	Amount
Beginning deficit to be offset	($ 69,288)
Less: Adjustment amount of retained earnings for equity method investments adopted in 2022	(9,548)
Add: Adjustment amount of retained earnings for remeasurement of defined benefit plans in 2022	582
Deficit to be offset after the adjustment	(78,254)
Less: Net loss after tax for 2022	(243,760)
Add: Legal reserve covering loss carried forward	125,676
Add: Capital surplus covering loss carried forward	196,338
Year's end deficit to be offset	$ -

The 2023 profit distribution as proposed by the Parent's board of directors on March 8, 2024 is as follows:

	Profit distribution
Legal reserve	$ 1,104

The proposal for 2023 profit distribution was expected to be resolved by the general shareholders' meeting on May 31, 2024.

(4) Other equity

1. Exchange differences on translation of foreign financial statements

	2023	2022
Balance, beginning of year	($ 7,008)	($ 9,447)
Accrued in current year		
Exchange differences arising from translation of the net assets of a foreign operation	(300)	2,999
Share of associates accounted for using the equity method	8	50
Related income tax	58	(610)
Balance, end of year	($ 7,242)	($ 7,008)

2. Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income

	2023	2022
Balance, beginning of year	$ 4,015	$ 1,548
Accrued in current year		
Unrealized gain or loss		
Equity instruments	1,178	2,467
The accumulated gain/loss from the disposition of equity instruments will be transferred to retained earnings	796	-
Balance, end of year	$ 5,989	$ 4,015

(5) Non-controlling interests

	2023	2022
Balance, beginning of year	$ 743,498	$ 749,397
Share attributable to non-controlling interests		
Net profits (losses) for the year	22,607	(14,668)
Exchange differences on translation of foreign financial statements	(7)	109
Difference between the actual cost of acquisition and the carrying amount of the subsidiary's equity (Note 31)	2,060	8,660
Balance, end of year	$ 768,158	$ 743,498

26. Revenue

	2023	2022
Customer contract revenue		
Sales revenue	$ 749,669	$ 912,279
Construction revenue	549,977	183,380
Telecommunications services revenue	713,602	568,019
Other revenue	21,989	35,857
	$ 2,035,237	$ 1,699,535

(1) Contract balance

	December 31, 2023	December 31, 2022
Contract assets - current		
Engineering services	$ 391,683	$ 69,078
Labor service	567	546
	392,250	69,624
Less: Allowance for losses	-	9,699
	$ 392,250	$ 59,925
Contract liabilities (recorded as contract liabilities - current and other non-current liabilities)		
Sale of goods	$ 22,052	$ 3,852
Engineering services	69,823	37,861
Telecommunications service	2,048	1,353
Others	8,643	15,208
	$ 102,566	$ 58,274
Contract liabilities - current	$ 101,790	$ 57,159
Contract liabilities - non-current	776	1,115
	$ 102,566	$ 58,274

Changes in contract assets and contract liabilities are mainly due to the difference between the timing of satisfaction of performance obligations and the timing of payment by customers, and there is no major change.

The amount of contract liabilities from the beginning of the year recognized as income in the year was as follows:

	2023	2022
Sale of goods	$ 1,346	$ 348
Engineering services	37,861	-
Telecommunications service	770	1,561
Others	12,459	10,622
	$ 52,436	$ 12,531

For details about notes receivable and accounts receivable, please refer to Note 9.

The Company recognizes an allowance for losses on contract assets on the basis of expected credit loss over the duration of the receivables. Contract assets will be transferred to accounts receivable upon billing, and their credit risk characteristics are the same as those of accounts receivable arising from similar contracts. Therefore, the Company believes that the expected credit loss rate for accounts receivable can also be applied to contract assets.

	December 31, 2023	December 31, 2022
Expected credit loss rate	-%	-%~100%
Total book value	$ 392,250	$ 69,624
Allowance for loss (expected credit loss of the given duration)	-	(9,699)
	$ 392,250	$ 59,925

Changes in the allowance for losses on contract assets are described as follows:

	2023	2022
Balance, beginning of year	$ 9,699	$ 8,349
Recognition (Reversal) for losses for the year	(2,437)	1,350
Offsetting for the year	(7,262)	-
Balance, end of year	$ -	$ 9,699

(2) Breakdown of revenue from contracts with customers

2023

	Taiwan	China	Southeast Asia	Total
Type of goods or services				
Sales revenue	$ 713,390	$ 2	$ 36,277	$ 749,669
Construction revenue	546,374	-	3,603	549,977
Telecommunications services revenue	713,602	-	-	713,602
Other operating revenue	21,881	108	-	21,989
	$1,995,247	$ 110	$ 39,880	$ 2,035,237

2022

	Taiwan	China	Southeast Asia	Total
Type of goods or services				
Sales revenue	$ 836,868	$ 28,712	$ 46,699	$ 912,279
Construction revenue	166,953	-	16,427	183,380
Telecommunications services revenue	568,019	-	-	568,019
Other operating revenue	35,857	-	-	35,857
	$1,607,697	$ 28,712	$ 63,126	$ 1,699,535

27. Net income (loss) before tax items

Net income before tax includes the following items:

(1) Other revenue

	2023	2022
Lease income from operating leases	$ 2,618	$ 11,120
Technical services revenue	1,977	53
Gain on write-off of accounts payable	6,687	-
Dividend income	1,598	1,113
Other revenue	3,424	4,961
	$ 16,304	$ 17,247

(2) Other profits and losses

	2023	2022
Gains (losses) of financial assets measured at fair value through profit or loss	$ 3,422	($ 4,651)
Impairment loss (Note 14 and 16)	-	(7,034)
Contingent loss (Note 21)	(1,412)	(34,188)
Lease modification gain	34	8
Gains (losses) from disposal of property, plant and equipment	154	(4,463)
Foreign exchange gains - net	1,631	3,555
Other expenses	-	(379)
	$ 3,829	($ 47,152)

(3) Financial costs

	2023	2022
Interest from bank borrowings	($ 69,811)	($ 49,259)
Interest on the convertible bonds	-	(910)
Service fee expense	(1,888)	(2,218)
Interest on lease liabilities	(1,008)	(374)
Interest on decommissioning liabilities	-	(166)
	($ 72,707)	($ 52,927)

(4) Employee benefits expenses

	2023			2022		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expenses						
Salaries and wages	$203,969	$98,510	$302,479	$176,895	$93,963	$270,858
Labor insurance and national health insurance	19,809	9,084	28,893	18,234	9,271	27,505
Pension expenses	9,074	4,117	13,191	8,584	4,266	12,850
Remuneration to directors	-	2,149	2,149	-	1,539	1,539
Others	8,907	3,942	12,849	7,684	3,419	11,103
	$241,759	$117,802	$359,561	$211,397	$112,458	$323,855

The Parent shall appropriate at least 1% and not more than 2% of the pre-tax income for the year before deducting for the distribution of employees' compensation and remuneration to directors and supervisors for employees' compensation and remuneration to directors and supervisors.

The 2023 employee compensation and director and supervisor remuneration as proposed by the Parent's board of directors on March 8, 2024.

Estimation ratio

	2023
Employees' compensation	4%
Directors' and supervisors' remuneration	2%

Amount

	2023
	Cash
Employees' compensation	$ 186
Directors' and supervisors' remuneration	$ 93

The Parent posted net loss after tax in 2022; therefore, it did not record the amount payable for employees' compensation and remuneration to directors and supervisors.

If there are still changes in the amounts after the consolidated financial statements for the year have been issued, adjustments will be made based on accounting estimates and accounted for in the subsequent year.

For information on employees' compensation and remuneration to directors and supervisors of the Parent, please visit the "Market Observation Post System (MOPS)" of the Taiwan Stock Exchange for any inquiry.

(5) Depreciation and amortization expenses

	2023	2022
Property, Plant and Equipment	$ 164,413	$ 128,868
Investment property	-	279
Right-of-use assets	15,813	15,927
Intangible assets	163,790	160,676
Total	$ 344,016	$ 305,750
Summary of depreciation expenses by function		
Operating costs	$ 131,006	$ 109,372
Operating expenses	49,220	35,423
Other profits and losses	-	279
	$ 180,226	$ 145,074
Summary of depreciation expenses by function		
Operating costs	$ 145,607	$ 139,345
Operating expenses	18,183	21,331
	$ 163,790	$ 160,676

(6) Reversed profit of expected credit impairment (recorded as operating expenses)

	2023	2022
Expected credit impairment reversal of losses	($ 3,631)	($ 7,560)

28. Income tax

(1) Income tax recognized in profit or loss

The major components of income tax benefit are as follows:

	2023	2022
Income tax expenses in the current period		
Accrued in current year	$ 1,546	$ 328
Prior year adjustment	-	8
	1,546	336
Deferred tax		
Accrued in current year	(6,109)	(7,365)
Prior year adjustment	(551)	-
	(6,660)	(7,365)
Income tax benefit recognized in profit or loss	($ 5,114)	($ 7,029)

The reconciliation of accounting income to income tax benefit is as follows.

	2023	2022
Net income (loss) before tax	$ 31,757	($ 265,457)
Tax income from net loss before tax calculated at statutory tax rate (20%)	$ 6,351	($ 53,091)
Non-deductible expenses for tax purposes	377	5,284
Tax-exempt income	(7,903)	(91,436)
Tax losses to offset the investment income	320	828
Unrecognized deductible temporary differences and loss carry-forward	(3,611)	131,473
Different tax rates on subsidiaries operating in other jurisdictions	(97)	(95)
Adjustments to income tax for prior years	(551)	8
Income tax benefit recognized in profit or loss	($ 5,114)	($ 7,029)

The tax rate applicable to subsidiaries in China is 25%. Taxes incurred in other jurisdictions are calculated based on the tax rate applied in the related jurisdictions.

(2) Tax expense (benefit) recognized in other comprehensive income

	2023	2022
Deferred tax		
Accrued in current year		
— Exchange of foreign operating institutions	($ 58)	$ 610

(3) Current income tax asset and liability

	December 31, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	$ 229	$ 4,945
Current tax liabilities		
Income tax	$ 2,975	$ 3,143

(4) Deferred tax assets and liabilities

Changes in the deferred income tax assets and liabilities are as follows:

2023

Deferred tax assets	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Others	Balance, end of year
Temporary difference					
Leave payables	$ 561	$ 1,037	$ -	$ -	$ 1,598
Allowance for bad debts	2,886	(2,886)	-	-	-
Inventory falling price loss	26,991	(4,770)	-	(11)	22,210
Unrealized gains or losses among affiliate companies	32,968	(3,606)	-	-	29,362
Deferred revenue	33	49	-	-	82
Amortization of intangible assets	277	-	-	(5)	272
Provision for warranty	686	(535)	-	-	151
Impairment loss of assets	6,703	(498)	-	(4)	6,201
Decommissioning liabilities	209	-	-	-	209
Onerous contract	6,578	16,675	-	-	23,253
Loss from equity method investments	17	537	-	-	554
Unrealized expenses	-	416	-	-	416
Property, Plant and equipment	-	314	-	-	314
	$77,909	$ 6,733	$ -	($ 20)	$84,622

Deferred tax liabilities					
Temporary difference					
Exchange differences on translation of foreign financial statements	$ 462	$ -	($ 58)	$ -	$ 404
Pension payments	707	-	-	-	707
Unrealized foreign exchange gains	103	73	-	-	176
	$ 1,272	$ 73	($ 58)	$ -	$ 1,287

2022

	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Others	Balance, end of year
Deferred tax assets					
Temporary difference					
Leave payables	$ 1,309	($ 748)	$ -	$ -	$ 561
Allowance for bad debts	2,463	423	-	-	2,886
Inventory falling price loss	19,217	7,766	-	8	26,991
Unrealized foreign exchange losses	154	(154)	-	-	-
Unrealized gains or losses among affiliate companies	34,170	(1,202)	-	-	32,968
Deferred revenue	84	(51)	-	-	33
Amortization of intangible assets	273	-	-	4	277
Provision for warranty	627	59	-	-	686

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	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Others	Balance, end of year
Impairment loss of assets	$ 6,554	$ 146	$ -	$ 3	$ 6,703
Decommissioning liabilities	209	-	-	-	209
Onerous contract	5,256	1,322	-	-	6,578
Loss from equity method investments	40	(23)	-	-	17
Convertible corporate bonds	70	(70)	-	-	-
Exchange differences on translation of foreign financial statements	148	-	(148)	-	-
	$70,574	$ 7,468	($ 148)	$ 15	$77,909

	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Others	Balance, end of year
Deferred tax liabilities					
Temporary difference					
Exchange differences on translation of foreign financial statements	$ -	$ -	$ 462	$ -	$ 462
Pension payments	707	-	-	-	707
Unrealized foreign exchange gains	-	103	-	-	103
	$ 707	$ 103	$ 462	$ -	$ 1,272

(5) Deductible temporary differences and unused loss carry-forward not recognized as deferred tax assets in the consolidated balance sheet

	December 31, 2023	December 31, 2022
Loss carryforwards		
Due in 2023	$ -	$ 111,446
Due in 2024	208,575	214,600
Due in 2025	185,711	185,711
Due in 2026	200,531	200,531
Due in 2027	193,425	193,425
Due in 2028	199,818	199,818
Due in 2029	184,063	184,063
Due in 2030	131,512	131,512
Due in 2031	115,864	116,639
Due in 2032	517,431	517,818
Due in 2033	46,671	-
	1,983,601	2,055,563
Deductible temporary differences		
Inventory obsolescence loss	122,594	124,011
Allowance for bad debts	6,749	6,651
Unrealized loss on investments	94,444	90,956
Others	15,214	12,787
Impairment loss of assets	363,125	320,840
	602,126	555,245
Total	$ 2,585,727	$ 2,610,808

(6) The assessments of the profit-seeking enterprise income tax returns of the parent company and its subsidiaries by the tax collection agency were as follows:

	Year of assessment
The Parent	2021
Qiong Lian	2021
TAIFO	2021
King Tung Resources	2021
Datong Construction	2021

29. Gains (losses) per share

The numerator and denominator in the calculation of earnings (losses) per share are disclosed as follows:	Amount (numerator)	Number of shares (denominator) (thousands of shares)	Earnings per share (Losses) (NT$)
2023			
Basic gains per share			
Net income attributable to shareholders of the parent company for the period	$ 14,264	153,990	$ 0.09
Impact of potentially dilutive ordinary shares:			
Employees' compensation	-	8	
Diluted gains per share	$ 14,264	153,998	$ 0.09
2022			
Basic and diluted loss per share			
Net losses for the year attributable to shareholders of the parent company	($ 243,760)	150,054	($ 1.62)

The Parent may have the profit distributable as employees' compensation distributed in the form of shares or in cash; however, diluted earnings per share should be calculated on the assumption that the employees' compensation will be distributed in the form of shares, and when the potential ordinary shares are considered to be dilutive, the weighted average number of outstanding shares should be added in the calculation of diluted earnings per share. When calculating diluted earnings per share, the closing price of such potential ordinary shares at the balance sheet date is used as the basis for judging the number of issued shares. The diluting effect of these potential ordinary shares also continues to be considered in the calculation of diluted earnings per share before the number of shares awarded to employees in the following year's resolution.

30. Financial instruments

(1) Fair value information - Financial instruments that are not measured at fair value

The Company's management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value as of December 31, 2023 and 2022 approximate their fair value.

(2) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
－Funds	$ 15,973	$ -	$ 8,384	$ 24,357
Stocks listed on the TWSE/TPEx	14,170	-	-	14,170
Financial assets measured at fair value through other comprehensive income				
Domestic and foreign stocks not listed on stock exchanges	-	-	17,684	17,684

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
－Funds	$ 29,104	$ -	$ -	$ 29,104
Stocks listed on the TWSE/TPEx	11,210	-	-	11,210
Financial assets measured at fair value through other comprehensive income				
Domestic and foreign stocks not listed on stock exchanges	-	-	16,582	16,582

The Company had no transfers between Levels 1 and 2 for fair value measurements in 2023 and 2022.

2. Reconciliation of financial instruments measured at fair value in Level 3

2023

Financial assets	Funds measured at fair value through income under compulsion	Investments in equity instruments measured through other comprehensive income at fair value
Balance, beginning of period	$ -	$ 16,582
Purchase	8,700	-
Reclassification	300	-
Recognized in profit or loss	(616)	-
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	-	1,178
Allocation of remaining financial assets measured at fair value through other comprehensive income remaining	-	(76)
Balance, end of period	$ 8,384	$ 17,684

2022

Financial assets	Investments in equity instruments measured through other comprehensive income at fair value
Balance, beginning of year	$ 14,115
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	2,467
Balance, end of year	$ 16,582

3. Methods for measuring the fair value of financial instruments

The fair value of financial assets and financial liabilities is determined as follows:

(1) The fair values of financial assets and financial liabilities with standard terms and conditions and are traded in an active market is determined by reference to quoted market prices.

(2) The financial assets financial measured at fair value in Level 3 held by the Company are stocks not listed on the TWSE/TPEx and private equity funds, of which fair value is

mainly measured by the market approach and the asset approach, based on the estimates and assumption with reference to relevant information of comparable transactions in the market and estimated future cash flows. The main unobservable inputs include discounts for lack of control and discounts for lack of marketability.

(3) Types of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss	$ 38,527	$ 40,314
Financial assets at amortized cost （Note1）	1,693,985	953,270
Financial assets at fair value through other comprehensive income - non-current	17,684	16,582
Financial liabilities		
Financial liabilities at amortized cost （Note2）	3,654,358	2,791,615

Note 1: The balance covers cash and cash equivalents, contract assets - current, notes receivable, accounts receivable, part of other receivables, part of current assets, part of refundable deposits, other financial assets (current and non-current), and other financial assets measured at amortized cost.

Note 2: The balance covers short-term borrowings, notes payable, accounts payable, part of other payables, part of other current liabilities, long-term borrowings due within one year or one operating cycle, long-term borrowings, part of other non-current liabilities, and other financial liabilities measured at amortized cost.

(4) Purpose and policy of financial risk management

The Company's financial instruments mainly include equity investment, receivables, payables, borrowings, etc. The Company's department of finance manages the financial risks associated with the Company's operations according to operating and market conditions. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company uses derivative financial instruments to avoid the risk of exposure and reduce the impact of such risks. The use of derivative financial instruments is regulated by the policies approved by the Company's board of directors. The Company does not engage in derivative financial instruments transactions for speculative purposes.

1. Market Risk

The financial risks borne by the Company in its operating activities include the risk of exchange rate fluctuations, the interest rate risk, and other price risks.

(1) Exchange rate risk

The Company is engaged in purchases and sales in foreign currency, which makes the Company exposed to the risk of exchange rate fluctuations. The Company utilizes foreign exchange forward contracts to manage the exposure to exchange rate risks to the extent permitted by the policy.

For details about the Company's carrying amounts of monetary assets and monetary liabilities denominated in foreign currencies at the balance sheet date (including monetary items denominated in non-functional currencies that have been written off as shown in the consolidated financial statements), please refer to Note 38.

Sensitivity analysis

The Company is mainly affected by fluctuations in US dollar and RMB exchange rates.

In the Company's assessment, the profits and losses arising from foreign currency assets and liabilities due to changes in market exchange rates will be offset, and the market risk is expected to bring a limited impact to financial assets and financial liabilities.

The following table details the sensitivity analysis of the Company when the exchange rate of New Taiwan dollars (functional currency) increases and decreases by 1% against each relevant foreign currency. The positive numbers in the table below represent the amount of increase (decrease) in net profit after tax when the associated foreign currency appreciates by 1%. When each relevant foreign currency depreciates by 1%, the impact on net profit after tax will be an equal negative amount.

	Effect of the US dollar		Effect of RMB	
	2023	2022	2023	2022
Gain or loss	($ 37)	($ 41)	($ 42)	($ 43)

(2) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate, due to changes in market conditions. The Company's financial assets exposed to interest rate risk mainly consist of fixed-term deposits with floating interest rates. However, the change in the interest rate was assessed by the Company to have no material impact on the Company's net profit after tax.

In addition, the carrying amounts of the Company's financial liabilities exposed to interest rate risk at the balance sheet date were listed as follows:

	December 31, 2023	December 31, 2022
Financial liabilities with the fair value interest rate risk		
- Short-term borrowings	$ -	$ 150,000
- Long-term borrowings	$ -	$ 50,000
Financial liabilities with the cash flows interest rate risk		
- Short-term borrowings	$ 708,638	$ 50,000
- Long-term borrowings	$ 2,686,250	$ 2,239,520

Sensitivity analysis

The Company's floating rate liabilities were analyzed on the assumption that the outstanding liabilities at the balance sheet date were outstanding during the reporting period.

If the interest rate increases/decreases by 0.5%, and all other variables remain unchanged, the Company's net profit after tax in 2023 and 2022 will decrease/increase by NT$10,399 thousand and NT$8,382 thousand, respectively.

(3) Other price risks

The Company has other price risks arising from stocks and other investments in equity instruments and fund beneficiary certificates. If the prices of equity and funds increase/decrease by 1%, the profit and loss after tax in 2023 and 2022 will increase/decrease by NT$385 thousand and NT$403 thousand, due to the increase/decrease in the fair value of financial asset measured at fair value through profit or loss. The Other comprehensive income after tax in 2023 and 2022 will increase/decrease by NT$177 thousand and NT$166 thousand, respectively due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive income.

2. Credit Risk

Credit risk refers to the risk of financial loss resulting from the default on contractual obligations by the counterparties. As of the balance sheet date, the Company's maximum credit risk exposure possibly due to the counterparty's failure to perform its obligations mainly comes from the carrying amount of the financial assets recognized in the consolidated balance sheet.

The policy adopted by the Company is to only conduct transactions with a counterparty who have a good reputation and to review and check accounts with the counterparty every month, so that the counterparty can perform its obligations within the given or agreed period. The Company gives a line of credit to counterparties depending on their operating scale and past historical experience and adjusts the line of credit by reviewing the status of their performance of the transaction obligations on a regular basis to continuously monitor the credit risk and the credit rating of the counterparty and control the credit risk. The information on the aforementioned operating scale is obtained from external information. The aforementioned business scale information is sourced from external sources.

In order to reduce the credit risk, the Company has designated the Sales Department to be responsible for the determination of the line of credit, approval of credit, and other monitoring procedures to ensure that appropriate actions have been taken for the recovery of overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis on the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible receivables. In view of the above, the Company's management believes that the Company's supervisory procedures can still control the Company's credit risk, which will not cause a risk of financial losses to the Company.

The Company's credit risk is mainly concentrated in the top ten customers by the Company's operating revenue, mainly domestic and foreign telecommunications companies or peer companies and government-related entities. As of December 31, 2023 and 2022, the ratio of accounts receivable from the aforementioned customers was 67% and 83%, respectively.

3. Liquidity Risk

The Company manages and maintains sufficient cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations. The Company's management monitors the use of bank financing facilities and ensures compliance with the terms of the borrowing agreements.

The Company has sufficient working capital and thus has no liquidity risk due to inability to raise funds to meet contractual obligations. Raising funds externally and bank loans are important sources of liquidity for the Company. The balances of the Company's unutilized banking facilities were listed as follows:

	December 31, 2023	December 31, 2022
Unutilized short-term facilities and issuance of commercial papers	$ 498,024	$ 643,107
Unutilized long-term facilities	1,112,008	811,187
	$ 1,610,032	$ 1,454,294

Table for Liquidity and Interest Rate Risk

The following table details the Company's maturity analysis for non-derivative financial liabilities that shows the remaining contractual maturities during the agreed repayment period, which has been drawn up based on the undiscounted cash flows of financial liabilities, including cash flows of the interest and principal payments, based on the earliest date on which the Company can be required to pay.

The short-term borrowings and long-term borrowings due within one year that the Company can be required to pay immediately are listed in the earliest period in the table below, regardless of the probability that the bank will exercise the right immediately. The maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment date.

December 31, 2023

	Demand for immediate payment or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Non-derivative financial assets						
Short-term borrowings	$380,000	$149,700	$178,938	$ -	$ -	$708,638
Notes payable	129	-	-	-	-	129
Accounts payable	93,821	37,362	27,787	-	-	158,970
Other payables	72,870	22,305	37,032	-	-	132,207
Long-term borrowings due within one year or one operating cycle	2,005	4,014	18,146	-	-	24,165
Long-term borrowings	-	-	-	2,662,085	-	2,662,085
Lease liability	1,236	2,472	11,934	32,647	-	48,289
	$550,061	$215,853	$273,837	$2,694,732	$ -	$3,734,483

December 31, 2022

	Demand for immediate payment or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Non-derivative financial assets						
Short-term borrowings	$ -	$150,000	$50,000	$ -	$ -	$200,000
Notes payable	169	85	-	-	-	254
Accounts payable	111,601	57,709	11,397	-	-	180,707
Other payables	106,390	28,102	14,919	-	-	149,411
Long-term borrowings due within one year or one operating cycle	3,256	6,524	37,417	-	-	47,197
Long-term borrowings	-	-	-	2,242,323	-	2,242,323
Lease liability	1,300	1,164	6,049	5,665	-	14,178
	$222,716	$243,584	$119,782	$2,247,988	$ -	$2,834,070

31. Equity transactions with non-controlling interests

King Tung Resources conducted a cash capital increase of NT$50,000 thousand on May 18, 2022, which was fully subscribed by the Parent, resulting in an increase in the Parent's shareholding ratio from 86% to 88.33%.

King Tung Resources conducted a cash capital increase of NT$20,000 thousand on August 17, 2022, which was fully subscribed by the Parent, resulting in an increase in the Parent's shareholding ratio from 88.33% to 89.06%.

King Tung Resources conducted a cash capital increase of NT$20,000 thousand on November 15, 2023, which was fully subscribed by the Parent, resulting in an increase in the Parent's shareholding ratio from 89.06% to 89.71%.

Since the above transactions not based on the shareholding ratio did not change the Parent's control of King Tung Resources, the Parent regarded it as an equity transaction.

	2023	2022
Cash consideration paid	$ 20,000	$ 70,000
The carrying amount of the subsidiary's net assets to be transferred from non-controlling interests based on the relative changes in equity.	(17,940)	(61,340)
Difference in equity transaction	($ 2,060)	($ 8,660)
Adjustment to difference in equity transaction		
Undistributed earnings (or deficit to be offset)	($ 2,060)	($ 8,660)

32. Cash flow information

(1) Non-cash transactions

Except as disclosed in other notes, the Company conducted the following non-cash transaction financing activities in 2023 and 2022:

1. As described in Notes 22 and 25, the Parent converted the convertible corporate bonds with a face value of NT$38,100 thousand into share capital of NT$23,665 thousand in 2022 request of bondholders, and the capital surplus increased by NT$14,385 thousand.

2. Amount paid in cash for the purchase of Property, Plant and Equipment is as follows:

	2023	2022
Increase in Property, Plant and Equipment	$ 186,695	$ 221,201
Increase in other payables	(8,140)	-
Amount paid in cash for the purchase of Property, Plant and Equipment is as	$ 178,555	$ 221,201

(2) Changes in the Company's liabilities from financing activities

2023

	Balance, beginning of year	Cash inflow (outflow)	Changes in other non-cash items	Balance, end of year
Short-term borrowings	$ 200,000	$ 508,638	$ -	$ 708,638
Long-term borrowings	2,283,301	396,730	(1,281)	2,678,750
Deposits received (Note)	44,736	(1,772)	(585)	42,379
Lease liability	13,920	(16,744)	49,363	46,539
	$ 2,541,957	$ 886,852	$ 47,497	$ 3,476,306

Note: Deposits received recorded as other current and non-current liabilities.

2022

	Balance, beginning of year	Cash provided by (used in)	Changes in other non-cash items	Balance, end of year
Short-term borrowings	$ 129,000	$ 71,000	$ -	$ 200,000
Corporate bonds payable	122,340	(85,200)	(37,140)	-
Long-term borrowings	2,224,516	56,660	2,125	2,283,301
Deposits received	55,711	(11,560)	585	44,736
Lease liability	19,014	(16,520)	11,426	13,920
	$ 2,550,581	$ 14,380	($ 23,004)	$ 2,541,957

33. Capital Risk Management

The main purpose of the Company's capital management is, on the premise of ensuring that the Company can continue to operate, to maintain optimal debt and equity balances to support business operations and maximize shareholders' equity. The company manages and adjusts its capital structure according to economic conditions, and achieves the goal of capital structure maintenance and adjustments possibly by means of dividend payments and issuance of new shares.

34. Related Party Transactions

Transactions, account balances, income and gains, expenses and losses between the parent company and its subsidiaries (which are the Company's related parties) were all eliminated upon consolidation, so they were not disclosed in the Note. Except as disclosed in other notes, the material transactions between the Company and related parties are described as follows:

(1) Name of related parties and the relationships

Name of related parties	Relationship with the Company
XIN DI INVESTMENT CO., LED.	Entity that has significant influence on the Company
Fiber Logic Communications, Inc.	Associate
Chien Tung	Associate
Glory Technology Service Inc.	Associate (invested on May 31, 2022)
Hon Hai Precision Industry Co., Ltd.	Other related parties
Ching Tong Investment Co., Ltd.	Other related parties
Pei Lu Engineering Co., Ltd.	Other related parties (liquidation and dissolution completed on July 14, 2023)
Ta Tung Resources Co., Ltd.	Substantive related party
Glory Technology Service Inc.	Substantive related party
GLORY International Engineering Inc.	Substantive related party
Others	The Company's chairman, director, president, and other key management personnel and their spouses and close relatives

(2) Operating revenue

Account in the book	Type and name of related party	2023	2022
Sales revenue	Associate		
	Others	$ -	$ 14
	Substantive related party		
	Others	115	340
		115	354
Telecommunications services revenue	Associate		
	Others	5,576	742
	Substantive related party		
	Others	25	21
		5,601	763
Other operating revenue	Associate		
	Others	1,321	-
		$ 7,037	$ 1,117

(3) Operating costs

Account in the book	Type and name of related party	2023	2022
Telecommunications services cost	Substantive related party		
	Others	$ 1,815	$ 1,800
	Associate		
	Others	794	409
		$ 2,609	$ 2,209

The transaction price and payment terms of the transactions between the Company and the above related parties are commensurate with a general non-related party.

(4) Accounts receivable from related parties

Account in the book	Type and name of related party	December 31, 2023	December 31, 2022
Notes receivable	Substantive related party		
	Others	$ -	$ 35
Accounts receivable	Associate		
	Others	$ 675	$ 112
	Substantive related party		
	Others	16	2
		$ 691	$ 114

(5) Payables to related parties

Account in the book	Type and name of related party	December 31, 2023	December 31, 2022
Accounts payable	Other related parties		
	Others	$ -	$ 1,859
Other payables	Associate		
	Others	$ 75	$ 74
	Substantive related party		
	Others	450	450
		$ 525	$ 524

(6) Prepayments

Type and name of related party	December 31, 2023	December 31, 2022
Other related parties		
Others	$ -	$ 1,050

(7) Contract liabilities

Type and name of related party	2023	2022
Associate		
Others	$ 1,230	$ 1,230

(8) Acquisition of property, Plant and Equipment

Type and name of related party	Acquisition price	
	2023	2022
Substantive related party		
Others	$ 4,932	$ 3,544

(9) Lease agreement

1. Lease liability

Type and name of related party	December 31, 2023	December 31, 2022
Other related parties		
Others	$ -	$ 3,368

2. Rent expenses (recorded as operating expenses)

Type and name of related party	2023	2022
Entity that has significant influence on the Company	$ -	$ 2,850
Key management		
Others	156	56
	$ 156	$ 2,906

3. Interest expenses (recorded as finance costs)

Type and name of related party	2023	2022
Key management		
Others	$ -	$ 1
Other related parties		
Others	17	64
	$ 17	$ 65

In the lease contract between the Company and related parties, the rent is calculated based on the number of ping leased and paid monthly with reference to the regional market conditions.

(10) Others

1. Refundable deposits

Type and name of related party	December 31, 2023	December 31, 2022
Key management		
Others	$ 30	$ 30

2. Purchase (recorded as inventory)

Type and name of related party	2023	2022
Substantive related party		
Others	$ 93	$ -

3. Other revenue

Type and name of related party	2023	2022
Associate		
Others	$ 680	$ -

(11) Remuneration for key management

	2023	2022
Short-term employee benefits	$ 26,064	$ 24,286
Post-employment benefits	592	578
Share-based payment	141	-
	$ 26,797	$ 24,864

The Parent signed a joint building construction contract with the related party of Ching Tong Investment Co., Ltd. (hereinafter referred to as "Ching Tong") and Founding Construction Development Corp. (hereinafter referred to as "Founding") to build the factory building by joint construction and separate ownership of property on September 28, 2021. The Parent provided 1,395.27 ping of land and Ching Tong provided 1,025.65 ping of land, a total of 2,420.92 ping, and Founding invested in the joint development and construction. The distribution of value of rights on the joint construction in the tripartite agreement were 55% for the landowner (31.07% for the Parent, 23.93% for Ching Tong) and 45% for the construction investor Founding. The above joint construction ratio is determined based on the appraised value provided by a professional appraiser. As of December 31, 2023, the above joint building construction has not yet started.

35. Pledged Assets

The Company has provided the following assets as collateral for the bank loans, performance of the construction contract, and performance of the construction contract with regard to the city government wireless broadband network promotion plan:

	December 31, 2023	December 31, 2022
Reserve account demand deposit (recorded as other financial assets - current)	$ 26,970	$ -
Reserve account demand deposit (recorded as other financial assets - non-current)	4,029	6,024
Pledged CDs (recorded as other financial assets - current)	-	718
Pledged CDs (recorded as other financial assets - non-current)	98,568	100,712
Real estate (recorded as property, plant and equipment, and investment property)	1,463,750	1,440,225
Operational communications equipment (recorded as property, plant and equipment)	459,267	524,506

36. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except as already stated in other notes, the Company's significant commitments and contingencies at the balance sheet date were listed as follows:

(1) The amount of the notes used for refundable deposits issued for Equivalents guarantees and loans were NT$11,045 thousand.

(2) The amount of the equivalents guarantees provided by the bank was NT$284,424 thousand.

(3) The amount of the notes used for deposits received for contracting the construction was NT$214,609 thousand.

(4) The amount of letters of credit that have been issued but not used was NT$27,038 thousand

(5) The amount of notes payable issued to the lessor as prepayment for leasing plants or equipment was NT$18,484 thousand (including related party transactions).

(6) As of December 31, 2023, the details of the significant sale equivalents signed with other companies for the construction contract, internal and external communication transmission cables, optical cables, and Fiber to the Home (FTTH) related accessories business were listed as follows:

Name of customer	Contract amount	The amount of the goods that have not been invoiced / delivered
Customer A	$ 1,103,848	$ 1,085,399
Customer B	705,808	401,493
Customer C	416,589	384,932
Others (Note)	372,424	205,370

Note: For those with an individual amount not reaching more than 5% of the total amount of the goods that have not been delivered.

(7) The Parent entered into engineering contracts with other companies for a total contract price of NT$795,268 thousand. As of December 31, 2023, NT$343,144 thousand has been paid (recorded as prepayment and construction costs), and the remaining unpaid amount is NT$452,124 thousand.

(8) For the work required in the "Taipei City Fiber Optic Network Outsourcing Construction and Operation Project," TAIFO entered into a construction contract with another company at a total price of NT$863,914 thousand. As of December 31, 2023, NT$648,187 thousand (accounted for property, plant and equipment, and intangible assets) had been paid, and NT$215,727 thousand had not been paid.

(9) The Parent acquired the "Taipei City Fiber Optic Network Outsourcing Construction and Operation Project" in December 2011 and signed the Taipei City Fiber Optic Network Outsourcing Construction and Operation Project Contract with the Taipei City Government in January 2012, with a total contract period of 25 years from the date on which the contract was signed, and the installation of the hardware equipment for Taipei City Fiber Optic Network and the operation of fiber optic networking services are conducted accordingly. According to the

provisions of the above-mentioned contract, the Parent has established the subsidiary Taiwan Intelligent Fiber Optic Network Co., Ltd. (TAIFO) and signed the Taipei City Fiber Optic Network Outsourcing Construction and Operation Tripartite Agreement in January 2012. Based on the provisions of the said agreement, the Parent transfers the rights and obligations of the above-mentioned contract to TAIFO and also bears the responsibilities for performance guarantee with regard to the obligations set forth in the above-mentioned contract and agreement (including but not limited to performance bonds, punitive damages, and liabilities for damages to the Taipei City Government).

(10) According to the Taipei City Fiber Optic Network Outsourcing Construction and Operation Tripartite Agreement, Taifo shall bear the following financial responsibilities:

1. Based on the financial statements that have been audited and certified by domestic CPAs for the most recent year and the phases of the construction as stipulated in the above agreement, Taifo shall have in its financial statements: the net value plus accumulated losses before the first phase of the construction reach NT$200 million or more, the net value plus cumulative losses before the second phase of the construction reach NT$800 million or more, the net value plus cumulative losses before the third phase of the construction reach NT$1,400 million or more, and the net value plus cumulative losses before the fourth phase of the construction reach NT$2 billion million or more. Any violation will be dealt with in accordance with the relevant provisions of the agreement.
2. Taifo shall keep the current ratio greater than 100%. Any violation will be dealt with in accordance with the relevant provisions of the agreement.
3. From the date on which the agreement was signed, TAIFO shall have debt ratios not exceeding 70% for the first ten fiscal years and not exceeding 50% for the subsequent years. Any violation will be dealt with in accordance with the relevant provisions of the agreement. Violators will be dealt with according to the relevant provisions of the agreement.
4. As of December 31, 2023, TAIFO did not violate any provisions of the agreement.

(11) King Tung Resources entered into the "One Track Inspection Vehicle" and "Five Railway Engineering and Maintenance Vehicles" purchase contracts with TRA on July 17, 2015 and December 13, 2017, respectively. TRA had sent notifications in May 2022 and June 2022 that "One Track Inspection Vehicle" and "Four Railway Engineering and Maintenance Vehicles" did not pass the acceptance tests and that the contracts should be terminated from the date of notification; in addition, no guarantee bonds should be returned according to the purchase

contracts. TRA had also sent a notification in November 2022 to request the payment of NT$35,600 thousand overdue liquidated damages for "One Track Inspection Vehicle." King Tung Resources has engaged a lawyer to enter into mediation or litigation to safeguard its interests. As of December 31, 2023, the Company has recognized accumulated losses of NT$324,296 thousand for the manufacturing costs, performance bonds, and overdue liquidated damages invested in "One Track Inspection Vehicle" and "Four Railway Engineering and Maintenance Vehicles."

The Parent entered into a real estate pre-purchase agreement with another company for a total price of NT$583,832 thousand for expanding its system integration business. As of December 31, 2023, NT$117,065 thousand has been paid (recorded as prepaid equipment expenses), and the remaining unpaid amount is NT$466,767 thousand.

37. Significant Subsequent Events

On March 8, 2024, the board of directors of the Parent resolved to repurchase 5,000 thousand treasury shares between March 11 and May 10, 2024. The total amount for repurchasing shares is capped at NT$1,132,704 thousand. The purpose of the share repurchase is to maintain the Parent's credit and shareholder rights. The shares will be repurchased from the centralized trading market and subsequently cancelled. The repurchase price range is between NT$26 and NT$35 per share.

38. Information on foreign currency assets and liabilities with significant effect

The following information is expressed in aggregate in foreign currencies other than the functional currencies of all entities under the Company, and the exchange rates disclosed represent the rates at which such foreign currencies were converted to the functional currency. Information on the Company's foreign currency assets and liabilities that have significant influence was described as follows:

December 31, 2023

	Foreign currency	Exchange rate	Carrying amount
Financial assets			
Monetary items			
USD	$ 55	30.705	$ 1,699
Financial liabilities			
Monetary items			
USD	205	30.705	6,297
RMB	1,224	4.311	5,276

December 31, 2022

Financial assets	Foreign currency	Exchange rate	Carrying amount
Monetary items			
USD	$ 47	30.71	$ 1,456
Financial liabilities			
Monetary items			
USD	215	30.71	6,615
RMB	1,224	4.392	5,376

For details about the Company's (realized and unrealized) foreign exchange gains or losses in 2023 and 2022, please refer to Note 27. Since there were many foreign currency transactions, it is not possible to disclose foreign exchange gains and losses by currencies that have significant influence.

39. Additional Disclosure

(1) Information on significant transactions and (2) investees:

1. Lending funds to others: Please refer to the attached Table 1.
2. Providing endorsements or guarantees for others: Please refer to the attached Table 2.
3. Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture): Please refer to the attached Table 3.
4. Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more: None.
5. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more: Please refer to the attached Table 4.
6. Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. Purchase or sale of goods with related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Information on investee companies: Please refer to the attached Table 5.
10. Trading in derivative instruments: None.

11. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: Please refer to the attached Table 6.

(3) Information on investment in the Mainland Area:

1. The name of the investee company in the Mainland Area, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the Mainland Area: Please refer to the Please refer to attached Table 6.

2. Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Not applicable.

   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Not applicable.

   (3) The amount of property transactions and the amount of the resultant gains or losses: None.

   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

   (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

   (6) Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services: None.

(4) Information on major shareholders: The names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the issuer's equity: Please refer to the attached Table 8

40. Segment Information

The Company is mainly engaged in production and trading of various communications equipment and wiring materials and wholesale of iron ore. The chief operating decision maker takes the operating results and financial status of the entire company as the reference information on resources allocation and performance evaluation, with similar production procedures applying to the Company's products. Furthermore, the Company does not have separate financial information, as it does not have departmental information to report.

Tai Tung Communication Co., Ltd. and subsidiaries

The Loaning of Funds

2023

Table 1

Unit: In NT$ thousand unless otherwise specified

No.	The lender of funds	The borrower of funds	Transactions	Related parties or not	The highest balance for the year	Balance, end of year	Actual amounts drawn	Interest rate range	Nature of funds loaning	Amount of business transactions	Reasons for the necessity of short-term financing	Amount of allowance for bad debts	Collateral		The limit for individual funds loaning	The limit for total funds loading	Remarks
													Name	Value			
1	Qiong Lian	King Tung Resources	Other receivables - related parties	Yes	$ 8,00	$ -	$	-	Short-term financing	$	Operating turnover	$ -	-	-	$ 9,506	$ 9,506	Note 1

Note 1: The aggregate amount of loans and the maximum amount permitted to a single borrower by Qiong Lian are both 40 percent of Qiong Lian's net worth as stated in its latest financial statement: NT$23,765 thousand of Qiong Lian's net worth as of December 31, 2023 * 40% = NT$9,506 thousand.

Tai Tung Communication Co., Ltd. and subsidiaries

Providing endorsements or guarantees for others

2023

Table 2

Unit: In NT$ thousand unless otherwise specified

No.	Name of the company providing endorsements and guarantees	Endorsement/ Guarantee counterparty		Limit on the amount of endorsements/ guarantees for a single entity	The highest balance of endorsements and guarantees for the year	The balance of endorsements and guarantees at the end of the year	Actual amounts drawn	Endorsement/ guarantee amount with property placed as collateral	The ratio of the accumulated endorsement/ guarantee amount to the net value of the latest financial statement (%)	Maximum endorsement/ guarantee limit	Endorsements/ guarantees provided by the Company for subsidiaries	Endorsements/ guarantees provided by subsidiaries for the Company	Endorsements/ guarantees for others in the Mainland Area	Remarks
		Company name	Relationship											
0	Tai Tung Communication	TAIFO	Subsidiary	$ 11,902,960	$ 4,280,000	$ 2,580,000	$ 1,57	$ -	86.70%	$ 11,902,960	Y	N	N	Note

Note: The Company's endorsement/guarantee amount and the total endorsement/guarantee for a single enterprise shall not exceed 400% of the net worth on the parent-only financial statement: The Company's net worth was NT$2,975,740 thousand on December 31, 2023 x 400% = NT$11,902,960 thousand.

Tai Tung Communication Co., Ltd. and subsidiaries

Marketable securities held at the end of the period

December 31, 2023

Table 3

Expressed in thousands of NTD unless otherwise specified

Companies held	Securities and names	Relationship with the securities issuer	Account in the book	Year's end				Remarks
				Shares (thousands of shares)	Carrying amount	Shareholding ratio (%)	Fair value	
Tai Tung Communication	Stock							
	KABLETEK CORPORATION	None	Financial assets at fair value through other comprehensive income - non-current	540	$ -	18.00%	$ -	-
	Glory Technology Service Inc.	Substantive related party	Financial assets at fair value through other comprehensive income - non-current	1,380	17,684	6.50%	17,684	-
	Chien Shing Harbour Service Co., Ltd.	None	Financial assets at fair value through profit or loss - current	307	14,170	0.35%	14,170	Note 1
	－Funds							
	Chang Neng Capital Limited Partnership	None	Financial assets that are measured at fair value through profit or loss - Non current	-	8,384	4.86%	8,384	Note 1
	Taishin Flexible Income Bond Issuers Investment Trust Fund	None	Financial assets at fair value through profit or loss - current	200 thousand units	2,003	-	2,003	Note 1
	Goldman Sachs Investment Grade Corporate Bond Fund	None	Financial assets at fair value through profit or loss - current	0.044 thousand units	1,960		1,960	Note 1
TAIFO	－Funds							
	MEGA Global Bond ETF Strategy Income Portfolio Fund	None	Financial assets at fair value through profit or loss - current	500 thousand units	4,951	-	4,951	Note 1
	First Global Sustainable Impact Investment Multi-Asset Fund	None	Financial assets at fair value through profit or loss - current	200 thousand units	1,994	-	1,994	Note 1
	Hua Nan Future Technology Fund	None	Financial assets at fair value through profit or loss - current	500 thousand units	5,065	-	5,065	Note 1

Note 1: The fair value was calculated based on the closing price at the end of December 2023 or the net value of the fund.

Note 2: For information on investments in subsidiaries and associates, please refer to the attached Table5 and Table7.

Tai Tung Communication Co., Ltd. and subsidiaries

Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital

2023

Table 4

Unit: In NT$ thousand unless otherwise specified

Company that acquires real estate	Name of property	Date of occurrence	Transaction amount	Amount paid	Counterparties	Relationship	Information on the previous transfer if a counterparty is a related party				Reference basis for price determination	Purpose of acquisition and usage	Other agreements
							Owner	Relationship with the issuer	Date of transfer	Amount			
Tai Tung Communication	Real Estate Presale Purchase Agreement	2023/5/10	$ 583,832	NT$117,065 thousand had been paid as of December 31, 2023.	Chien Kuo Engineering Co., Ltd.	None	None	None	None	None	With reference to the market price and was negotiated by both parties	For expanding system integration business use	None

Tai Tung Communication Co., Ltd. and subsidiaries

The name, location, and other information on the investee

2023

Table5

Expressed in thousands of NTD unless otherwise specified

Investor name	Investee	Location	Principal business	Original investment amount		Held at the end of the year			Profit and loss for the year of the invested company	Investment gain or loss recognized for the year	Remarks
				At the end of this year	At the end of the previous year	Shares (thousands of shares)	Percentage (%%)	Carrying amount			
Tai Tung Communication	Qiong Lian	Taiwan	Sale of communication equipment and wire rods	$ 33,050	$ 33,050	2,000	100	$ 23,765	$ 103	$ 103	Note 2 and 3
	AgrandTech	Samoa	International investment business	168,153	168,153	4,978	100	37,651	(RMB796 thousand)	(3,641)	Note 2 and 3
	TAIFO	Taiwan	Telecommunications business	2,725,235	2,725,235	156,141	68.22	1,502,039	74,067	54,403	Note 1 and 3
	King Tung Resources	Taiwan	International trade	305,000	285,000	30,500	89.71	(17,092)	(717)	(633)	Note 1 and 3
	SINGTUNG	Singapore	Communication network related equipment and communication engineering	14,946	14,946	631	97	20,045	(SGD119 thousand)	(2,689)	Note 2 and 3
	Datong Construction	Taiwan	Construction industry	5,100	5,100	510	51	3,046	8,251	(715)	Note 2 and 3
	Fiber Logic	Taiwan	Engaged in the production of communication equipment and wire rods	54,591	54,591	6,265	27.94	134,824	99,894	28,176	Note 2
	Chien Tung	Taiwan	Warehousing industry	168,200	126,150	16,820	24.03	162,235	10,340	2,405	Note 2
AgrandTech	Tonghua Optoelectronics	China	Engaged in the production of communication equipment and wire rods	US$5,675 thousand	US$5,675 thousand	-	97	RMB8,828 thousand	(RMB821 thousand)	(RMB796 thousand)	Note 2 and 3
TAIFO	Glory Technology	Taiwan	Telecommunications business	35,000	35,000	1,500	20.16	30,210	(12,259)	(3,752)	Note 2

Note 1: The calculation is made based on the invested company's 2023 financial statements that have been audited by CPAs.

Note 2: The calculation is made based on the invested company's 2023 financial statements that have not been audited by CPAs.

Note 3: When preparing the consolidated financial statements, all amounts have already been offset.

Tai Tung Communication Co., Ltd. and subsidiaries

The business relationship between the Parent and the subsidiaries, and the circumstances of any significant transactions between them

2023

Table 6

Unit: Thousands of NT$

No. (Note 1)	Name of transaction party	Counterparty	Relationship with the transaction party (Note 2)	Circumstances of transactions (Notes 3 and 5)			
				Account	Amount	Transaction terms	Percentage of total consolidated revenue or total assets
0	Tai Tung Communication	SingTung	1	Sales revenue	$ 31,655	Note 4	1.56%
0	Tai Tung Communication	SingTung	1	Cost of goods sold	28,496	Note 4	1.40%
1	SingTung	Tai Tung Communication	2	Inventory	3,159	Note 4	0.04%
0	Tai Tung Communication	SingTung	1	Accounts receivable - related parties	11,745	Note 4	0.15%
1	SingTung	Tai Tung Communication	2	Accounts payable - related parties	11,745	Note 4	0.15%
0	Tai Tung Communication	SingTung	1	Refundable deposits	9,316	Note 4	0.12%
1	SingTung	Tai Tung Communication	2	Deposits received	9,316	Note 4	0.12%
0	Tai Tung Communication	TAIFO	1	Accounts receivable - related parties	46,409	Note 4	0.59%
2	TAIFO	Tai Tung Communication	2	Accounts payable - related parties	46,409	Note 4	0.59%
0	Tai Tung Communication	TAIFO	1	Sales revenue	17,855	Note 4	0.88%
0	Tai Tung Communication	TAIFO	1	Cost of goods sold	11,886	Note 4	0.58%
2	TAIFO	Tai Tung Communication	2	Inventory	6,052	Note 4	0.08%
2	TAIFO	Tai Tung Communication	2	Prepayments - current	(999)	Note 4	-0.01%
2	TAIFO	Tai Tung Communication	2	Property, Plant and Equipment	916	Note 4	0.01%
0	Tai Tung Communication	TAIFO	1	Construction revenue	39,734	Note 4	1.95%
2	TAIFO	Tai Tung Communication	2	Construction cost	39,734	Note 4	1.95%
0	Tai Tung Communication	TAIFO	1	Other revenue	7,488	Note 4	0.37%
2	TAIFO	Tai Tung Communication	2	Right-of-use assets	7,292	Note 4	0.09%
2	TAIFO	Tai Tung Communication	2	Lease liabilities - current	7,385	Note 4	0.09%
2	TAIFO	Tai Tung Communication	2	Depreciation expenses	7,292	Note 4	0.36%
2	TAIFO	Tai Tung Communication	2	Interest expenses	289	Note 4	0.01%
0	Tai Tung Communication	TAIFO	1	Sales revenue	60,556	Note 4	2.98%
2	TAIFO	Tai Tung Communication	2	Telecommunications services cost	60,556	Note 4	2.98%
0	Tai Tung Communication	TAIFO	1	Other revenue	10,321	Note 4	0.51%
2	TAIFO	Tai Tung Communication	2	Operating expenses	10,321	Note 4	0.51%
0	Tai Tung Communication	Datong Construction	1	Property, Plant and Equipment	9,835	Note 4	0.13%
3	Datong Construction	Tai Tung Communication	2	Construction revenue	9,835	Note 4	0.48%

Note 1: Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the number should be filled in as follows:
1. Fill in "0" for parent company.
2. Subsidiaries are numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: There are three types of relationship with the transaction party, please specify the number associated with the type:
1. Parent to subsidiary
2. Subsidiary to parent
3. Subsidiary to subsidiary

Note 3: For the calculation of the transaction amount as a percentage of total consolidated revenue or total assets, in the case of an asset or liability account, the ending balance as a percentage of total consolidated revenue should be calculated; in the case of a profit or loss account, the interim cumulative amount as a percentage of total consolidated revenue should be calculated.

Note 4: Same as regular transactions

Note 5: It refers to transactions amounting to greater than NT$5 million.

Tai Tung Communication Co., Ltd. and subsidiaries

Information on investments in the Mainland Area

2023

Table 7

Expressed in thousands of NTD unless otherwise specified

Names of investees in mainland China	Principal business	Paid-in capital	Type of investment method	Accumulated investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted out or recovered during the current year		Accumulated investment amount remitted from Taiwan at the end of the year	The shareholding ratio of the Company's direct or indirect investment	Investment gain (loss) recognized for the current year	Carrying amount of the investment at the end of the period	Repatriated investment gains up to the current year
					Outward remittance	Recover					
Tonghua Optoelectronics	Engaged in the production of communication equipment and wire rods	US$6,000 thou	Note 1	US$ 5,675 thousand	$ -	$ -	US$ 5,675 thousand	97%	(RMB796 thousand)	RMB 8,828 thousand	$ -

Accumulated investment amount remitted from Taiwan to the Mainland Area at the end of the year	Amount of investment approved by the Investment Commission, MOEA	Investment quota for mainland China as stipulated by the Investment Commission, MOEA
US$7,077 thousand（Note 2）	US$7,077 thousand（Note 2）	$2,246,338 thousand（Note 3）

Note 1: Investing a company in the Mainland Area through investing in an existing company in a third area.

Note 2: Including US$1,402 thousand to Shanghai Qiantong Photoelectric Equipment Co., Ltd., which was deregistered on December 10, 2009.

Note 3: The limit is 60% of the net value or the consolidated net value, whichever is higher according to the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" released by the Ministry of Economic Affairs.

Tai Tung Communication Co., Ltd. and subsidiaries

Information on major shareholders

December 31, 2023

Table 8

Names of major shareholders	Shares	
	Shareholding	Shareholding ratio
XIN DI INVESTMENT CO., LED.	21,186,166	12.39%
LEE CHING HUNG	9,389,116	5.49%

Note: The major shareholders in the Table refer to those who hold 5% of the Company's ordinary shares that have been registered and delivered in non-physical form (including treasury stock) calculated by Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter. The number of shares recorded in the Company's consolidated financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.