

TAI TUNG COMMUNICATION CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements and Independent Auditors' Report 2024 and 2023

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Notice to Readers

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

§Table of Contents§

Item	Page	Financial statements no. of notes
I. Cover	1	-
II. Table of Contents	2	-
III. Statement of Consolidated Financial Reports of Affiliated Companies	3	-
IV. Independent Auditors' Report	4~7	-
V. Consolidated Balance Sheet	8	-
VI. Consolidated Statements of Comprehensive Income	9~10	-
VII. Consolidated Statements of Changes in Equity	11	-
VIII. Consolidated Statements of Cash Flows	12~14	-
IX. Notes to Consolidated Financial Statements	15	
(I) Company History	15	1
(II) Date and Procedures for Approval of Financial Statements	15	2
(III) Application of New and Revised Standards and Interpretation	16~18	3
(IV) Summary of Significant Accounting Policies	18~33	4
(V) Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties	34	5
(VI) Summary of Significant Accounting Items	35~71	6~28
(VII) Related Party Transactions	81~85	33
(VIII) Pledged Assets	85	34
(IX) Significant Contingent Liabilities and Unrecognized Contract Commitments	85~88	35
(X) Significant Disaster Loss	-	-
(XI) Significant Subsequent Events	-	-
(XII) Others	72~80, 88, 91	29~32, 36, 39
(XIII) Additional Disclosure	89	
1. Information on Significant Transactions	89, 91~97	37
2. Information on Investees	89, 91~97	37
3. Information on investments in the Mainland Area	89~90, 98	37
4. Information on major shareholders	99	37
(XIV) Segment Information	90	38

Statement of Consolidated Financial Statements of Affiliated Companies

For the Company's 2024 annual period (from January 1, 2024 to December 31, 2024), the companies that should be included in the preparation of the consolidated financial report of affiliated companies in accordance with the "Regulations Governing the Preparation of Consolidated Business Reports, Consolidated Financial Statements, and Reports on Affiliations" are the same as those that should be included in the preparation of the parent-subsidiary consolidated financial statements under International Financial Reporting Standard No. 10. Furthermore, the relevant information that should be disclosed in the consolidated financial report of affiliated companies has already been disclosed in the aforementioned parent-subsidiary consolidated financial statements. Therefore, the Company will not separately prepare a consolidated financial report of affiliated companies.

Hereby declare

Company Name: Tai Tung Communication Co., Ltd.

Person in charge: Lee Ching-Hung

March 13, 2025

Independent Auditors' Report

To Tai Tung Communication Co., Ltd.:

Auditor's Opinion

We have audited the consolidated balance sheet of Tai Tung Communication Co., Ltd., and its subsidiaries, as of December 31, 2024 and 2023, 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, 2024 and 2023.

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., and its subsidiaries, as of December 31, 2024 and 2023, and its consolidated financial performance and cash flows for the years ended December 31, 2024 and 2023, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers, and International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretation Announcements recognized and made effective by the Financial Supervisory Commission.

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 2024 consolidated financial statements of Tai Tung Communication Co., Ltd. and its subsidiaries. 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 2024 consolidated financial statements of Tai Tung Communication Co., Ltd., and its subsidiaries, are as follows:

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

As of December 31, 2024, Taiwan Intelligent Fiber Optic Network Consortium Co., Ltd., a subsidiary of Tai Tung Communication Co., Ltd., has balances of NT\$944,411 thousand and NT\$1,913,701 thousand in property, plant and equipment and intangible assets, respectively, accounting for a significant portion of total consolidated assets.

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 2024.

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 its parent company only financial statements for the years ended December 31, 2024 and 2023, which have been audited by our firm with an unqualified audit report issued thereon, available 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 individual 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 an 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 manner 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 subsidiaries, 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 subsidiaries. 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 2024 consolidated financial statements of Tai Tung Communication Co., Ltd., and its subsidiaries, 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 13, 2025

Tai Tung Communication Co., Ltd. and subsidiaries

Consolidated Balance Sheet

December 31, 2024 and 2023

Unit: Thousands of NT\$

Code	Assets	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 493,520	7	\$ 947,584	12
1110	Financial assets at fair value through profit or loss - current (Note 4 and 7)	21,142	-	30,143	1
1140	Contract assets - current (Note 4 and 25)	395,626	6	392,250	5
1150	Notes Receivable, net (Notes 4, 9 and 33)	1,523	-	1,404	-
1170	Accounts receivable, net (Notes 4, 9 and 33)	329,890	5	205,595	3
1200	Other receivables (Notes 4, 9 and 33)	7,595	-	1,637	-
1220	Current tax assets (Notes 4 and 27)	481	-	229	-
130X	Inventory (Note 4 and 10)	464,160	6	721,923	9
1410	Prepayments (Notes 11 and 35)	161,670	2	212,881	3
1476	Other financial assets - current (Notes 6 and 34)	15,739	-	26,970	-
1479	Other current assets	3,989	-	4,529	-
11XX	Total current assets	<u>1,895,335</u>	<u>26</u>	<u>2,545,145</u>	<u>33</u>
	Non-current assets				
1510	Financial asset at fair value through profit or loss - non-current (Note 4 and 7)	19,844	-	8,384	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 4 and 8)	27,787	-	17,684	-
1550	Investments accounted for using the equity method (Note 4 and 13)	233,188	3	327,269	4
1600	Property, plant and equipment (Notes 4, 14, 33, 34 and 35)	2,331,494	32	2,348,717	30
1755	Right-of-use assets (Notes 4 and 15)	190,733	3	46,199	1
1760	Investment properties, net (Notes 4, 16 and 34)	216,744	3	216,744	3
1780	Intangible assets (Notes 4, 14, 17 and 35)	1,872,815	26	1,929,204	25
1840	Deferred tax assets (Notes 4 and 27)	63,092	1	84,622	1
1915	Prepayment for equipment (Note 35)	177,877	3	130,524	2
1920	Refundable deposits (Note 33)	43,145	1	21,516	-
1980	Other financial assets - non-current (Notes 6, 17 and 34)	140,930	2	102,597	1
1990	Other non-current assets (Notes 4 and 23)	32,706	-	29,298	-
15XX	Total non-current assets	<u>5,350,355</u>	<u>74</u>	<u>5,262,758</u>	<u>67</u>
1XXX	Total assets	<u>\$ 7,245,690</u>	<u>100</u>	<u>\$ 7,807,903</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Notes 18 and 34)	\$ 150,000	2	\$ 708,638	9
2130	Contract liabilities - current (Notes 4, 25 and 33)	152,699	2	101,790	1
2150	Notes payable (Note 19)	14	-	129	-
2170	Accounts payable (Note 19)	130,731	2	158,970	2
2200	Other payables (Notes 20 and 33)	150,276	2	132,207	2
2230	Current tax liabilities (Notes 4 and 27)	17,744	-	2,975	-
2250	Provisions - current (Notes 4 and 21)	86,081	1	121,090	2
2280	Lease liabilities - current (Notes 4 and 15)	29,435	1	14,843	-
2322	Long-term borrowings due within 1 year or 1 operating cycle (Notes 18 and 34)	-	-	24,165	-
2399	Other current liabilities	13,011	-	14,842	-
21XX	Total current liabilities	<u>729,991</u>	<u>10</u>	<u>1,279,649</u>	<u>16</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes 18 and 34)	2,284,836	32	2,654,585	34
2570	Deferred tax liabilities (Notes 4 and 27)	1,747	-	1,287	-
2580	Lease liabilities - non-current (Notes 4 and 15)	155,491	2	31,696	1
2670	Other non-current liabilities (Notes 4, 16, 22, 23 and 25)	149,219	2	96,788	1
25XX	Total non-current liabilities	<u>2,591,293</u>	<u>36</u>	<u>2,784,356</u>	<u>36</u>
2XXX	Total liabilities	<u>3,321,284</u>	<u>46</u>	<u>4,064,005</u>	<u>52</u>
	Equity attributed to owners of parent company				
	Share capital				
3110	Common stock	1,659,219	23	1,709,219	22
3210	Capital surplus	1,219,892	17	1,246,156	16
	Retained earnings				
3310	Legal reserve	1,104	-	-	-
3320	Special reserve	10,581	-	10,581	-
3350	Unappropriated earnings	375,558	5	11,037	-
3300	Total retained earnings	<u>387,243</u>	<u>5</u>	<u>21,618</u>	<u>-</u>
	Other equity				
3410	Exchange differences on translation of foreign financial statements	(5,477)	-	(7,242)	-
3420	Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income	16,092	-	5,989	-
3400	Total other equity	<u>10,615</u>	<u>-</u>	<u>(1,253)</u>	<u>-</u>
31XX	Total equity attributed to owners of parent company	<u>3,276,969</u>	<u>45</u>	<u>2,975,740</u>	<u>38</u>
36XX	Non-controlling interests	<u>647,437</u>	<u>9</u>	<u>768,158</u>	<u>10</u>
3XXX	Total equity	<u>3,924,406</u>	<u>54</u>	<u>3,743,898</u>	<u>48</u>
	Total liabilities and equity	<u>\$ 7,245,690</u>	<u>100</u>	<u>\$ 7,807,903</u>	<u>100</u>

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

Chairman: Lee Ching-Hung

Manager: Lee I-Chuan

Head of accounting: Ting Szu-Fang

Tai Tung Communication Co., Ltd. and subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2024 and 2023

Unit: Thousands of NT\$, except for earnings per share in NT\$

Code		2024		2023	
		Amount	%	Amount	%
	Revenue (Note 4, 17, 25 and 33)				
4110	Sales revenue	\$ 909,455	37	\$ 749,669	37
4520	Construction revenue	803,728	32	549,977	27
4600	Telecommunications services revenue	768,113	31	713,602	35
4800	Other operating revenue	<u>6,003</u>	<u>-</u>	<u>21,989</u>	<u>1</u>
4000	Total operating revenue	<u>2,487,299</u>	<u>100</u>	<u>2,035,237</u>	<u>100</u>
	Operating costs (Notes 4, 10, 17, 21, 26, 33 and 35)				
5110	Cost of goods sold	757,337	31	668,382	33
5520	Construction costs	831,301	33	648,503	32
5600	Telecommunications services costs	414,574	17	380,153	18
5800	Other operating costs	<u>8,240</u>	<u>-</u>	<u>21,468</u>	<u>1</u>
5000	Total operating costs	<u>2,011,452</u>	<u>81</u>	<u>1,718,506</u>	<u>84</u>
5900	Gross profit	475,847	19	316,731	16
	Operating expenses (Notes 4, 9, 21, 24, 25, 26, and 33)				
6100	Selling expenses	51,777	2	63,885	3
6200	Administrative expenses	213,660	9	199,798	10
6300	Research and development expenses	3,377	-	3,138	-
6450	Expected credit impairment losses (profit)	<u>38,918</u>	<u>1</u>	<u>(3,631)</u>	<u>-</u>
6000	Total operating expenses	<u>307,732</u>	<u>12</u>	<u>263,190</u>	<u>13</u>
6900	Operating income	<u>168,115</u>	<u>7</u>	<u>53,541</u>	<u>3</u>
	Non-operating income and expenses (Notes 4, 13, 21, 26, and 33)				
7010	Other income	15,342	1	16,304	1
7020	Other profits and losses	309,838	12	3,829	-
7060	Share of gains or losses of associates recognized using the equity method	58,867	2	26,829	1
7050	Financial costs	<u>(78,697)</u>	<u>(3)</u>	<u>(72,707)</u>	<u>(3)</u>
7100	Interest income	<u>6,094</u>	<u>-</u>	<u>3,961</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>311,444</u>	<u>12</u>	<u>(21,784)</u>	<u>(1)</u>
7900	Net income before tax	479,559	19	31,757	2
7950	Income tax benefits (costs) (Note 4 and 27)	<u>(38,122)</u>	<u>(1)</u>	<u>5,114</u>	<u>-</u>
8200	Net income for the year	<u>441,437</u>	<u>18</u>	<u>36,871</u>	<u>2</u>

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Code		2024		2023	
		Amount	%	Amount	%
	Other comprehensive income (Notes 4, 23, 24 and 27)				
	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	6,042	-	(346)	-
8316	Unrealized gain or loss on investments in equity instruments measured at fair value through other comprehensive income	<u>10,103</u>	<u>-</u>	<u>1,178</u>	<u>-</u>
8310		<u>16,145</u>	<u>-</u>	<u>832</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	2,288	-	(307)	-
8371	Exchange differences on translation of financial statements of foreign operations of associates accounted for using the equity method	(19)	-	8	-
8399	Income tax relating to items that may be reclassified to profit or loss	(<u>441</u>)	<u>-</u>	<u>58</u>	<u>-</u>
8360		<u>1,828</u>	<u>-</u>	(<u>241</u>)	<u>-</u>
8300	Other comprehensive income for the year (net of tax)	<u>17,973</u>	<u>-</u>	<u>591</u>	<u>-</u>
8500	Total comprehensive income for the year	<u>\$ 459,410</u>	<u>18</u>	<u>\$ 37,462</u>	<u>2</u>
	Net income attributed to:				
8610	Owners of parent company	\$ 406,789	16	\$ 14,264	1
8620	Non-controlling interests	<u>34,648</u>	<u>2</u>	<u>22,607</u>	<u>1</u>
8600		<u>\$ 441,437</u>	<u>18</u>	<u>\$ 36,871</u>	<u>2</u>
	Total comprehensive income attributed to:				
8710	Owners of parent company	\$ 424,699	17	\$ 14,862	1
8720	Non-controlling interests	<u>34,711</u>	<u>1</u>	<u>22,600</u>	<u>1</u>
8700		<u>\$ 459,410</u>	<u>18</u>	<u>\$ 37,462</u>	<u>2</u>
	Earnings per share (Note 28)				
9750	Basic	<u>\$ 2.43</u>		<u>\$ 0.09</u>	
9850	Diluted	<u>\$ 2.43</u>		<u>\$ 0.09</u>	

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

Chairman: Lee Ching-Hung

Manager: Lee I-Chuan

Head of accounting: Ting Szu-Fang

Tai Tung Communication Co., Ltd. and subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2024 and 2023

Unit: Thousands of NT\$

		Equity attributed to owners of parent company (Note 8, 13, 24 and 30)										
							Other equity					
		Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income	Treasury stock	Total	Non-controlling interests (Note 13 and 24)	Total equity
Code		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings						
A1	Balance as of January 1, 2023	\$ 1,509,219	\$ 1,314,824	\$ 125,676	\$ 10,581	(\$ 322,014)	(\$ 7,008)	\$ 4,015	\$ -	\$ 2,635,293	\$ 743,498	\$ 3,378,791
B13	Loss appropriation for 2022											
	Legal reserve covering loss carried forward	-	-	(125,676)	-	125,676	-	-	-	-	-	-
C11	Capital surplus covering loss carried forward	-	(196,338)	-	-	196,338	-	-	-	-	-	-
D1	Net profit of 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 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 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
B1	2023 earnings distribution											
	Legal reserve	-	-	1,104	-	(1,104)	-	-	-	-	-	-
D1	Net profit of 2024	-	-	-	-	406,789	-	-	-	406,789	34,648	441,437
D3	Other comprehensive income after tax for 2024	-	-	-	-	6,042	1,765	10,103	-	17,910	63	17,973
D5	Total comprehensive income in 2024	-	-	-	-	412,831	1,765	10,103	-	424,699	34,711	459,410
L1	Treasury stock repurchase	-	-	-	-	-	-	-	(126,907)	(126,907)	-	(126,907)
L3	Treasury stock cancellation	(50,000)	(29,701)	-	-	(47,206)	-	-	126,907	-	-	-
C7	Changes in associates accounted for using the equity method	-	3,673	-	-	-	-	-	-	3,673	1,711	5,384
M3	Disposal of investments accounted for using the equity method	-	(236)	-	-	-	-	-	-	(236)	-	(236)
O1	Return of capital reduction from subsidiary	-	-	-	-	-	-	-	-	-	(145,503)	(145,503)
O1	Cash dividends from subsidiary shareholders	-	-	-	-	-	-	-	-	-	(11,640)	(11,640)
Z1	Balance as of December 31, 2024	\$ 1,659,219	\$ 1,219,892	\$ 1,104	\$ 10,581	\$ 375,558	(\$ 5,477)	\$ 16,092	\$ -	\$ 3,276,969	\$ 647,437	\$ 3,924,406

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

Chairman: Lee Ching-Hung

Manager: Lee I-Chuan

Head of accounting: Ting Szu-Fang

Tai Tung Communication Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2024 and 2023

Unit: Thousands of NT\$

Code		2024	2023
	Cash flows from operating activities		
A10000	Net income before tax for the year	\$ 479,559	\$ 31,757
A20010	Income and expense items		
A20100	Depreciation expenses	206,637	180,226
A20200	Amortization expenses	152,818	163,790
A20300	Expected credit impairment losses (Reversed profit)	38,918	(3,631)
A20400	Net income of financial assets measured at fair value through profit or loss	(7)	(3,422)
A20900	Financial costs	78,697	72,707
A21200	Interest income	(6,094)	(3,961)
A21300	Dividend income	(1,093)	(1,598)
A21900	Share-based compensation distribution costs	-	928
A22300	Share of gains or losses of associates recognized using the equity method	(58,867)	(26,829)
A22500	Gains on disposal of property, plant and equipment	(38,955)	(154)
A23100	Gains on disposal of investments	(290,411)	-
A23700	Inventory falling price loss	16,708	33,122
A24100	Unrealized loss on investments in foreign currencies	409	345
A29900	Construction revenue	(95,784)	(92,605)
A29900	Lease modification gain	(24)	(34)
A29900	Recognition of provisions	60,432	76,836
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets measured at fair value through profit or loss	(5,414)	5,509
A31125	Contract assets	(3,416)	(329,867)
A31130	Notes receivable	(119)	(329)
A31150	Accounts receivable	(163,230)	7,539
A31180	Other receivables	(2,964)	(416)
A31200	Inventory	226,374	(323,039)
A31230	Prepayments	53,037	(159,899)
A31240	Other current assets	1,970	(1,098)
A31250	Other financial assets - current	11,231	(26,252)

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Code		2024	2023
A32125	Contract liabilities	\$ 50,584	\$ 44,292
A32130	Notes payable	(115)	(125)
A32150	Accounts payable	(28,613)	(21,684)
A32180	Other payables	26,629	(26,229)
A32200	Provisions	(96,600)	6,285
A32230	Other current liabilities	4,675	(1,870)
A32240	Net defined benefit liability	448	(43)
A32990	Other liabilities	(2,424)	(625)
A33000	Cash inflow (outflow) from operating activities	614,996	(400,374)
A33500	Income tax paid	(428)	(1,786)
A33500	Income tax returned	106	4,836
AAAA	Net cash inflow (outflow) from operating activities	614,674	(397,324)
Cash flows from investing activities			
B01800	Acquisition of investment accounted for using the equity method	-	(42,050)
B01900	Disposal of investments accounted for using the equity method	448,488	-
B02700	Purchase of property, Plant and Equipment	(171,028)	(178,555)
B02800	Proceeds from disposal of property, plant and equipment	45,874	318
B03700	Increase in refundable deposits	(26,164)	(6,504)
B03800	Decrease in refundable deposits	3,294	9,859
B04500	Acquisition of intangible assets	(645)	(595)
B06500	Increase in other financial assets	(38,333)	-
B06600	Decrease in other financial assets	-	4,139
B06800	Decrease in other non-current assets	1,842	2,521
B07100	Increase in prepayments for equipment	(48,261)	(128,308)
B07500	Interest received	6,062	3,567
B07600	Dividend received	1,093	8,136
BBBB	Net cash inflow (outflow) from investing activities	222,222	(327,472)
Cash flows from financing activities			
C00100	Increase in short-term borrowings	-	508,638
C00200	Decrease in short-term borrowings	(558,638)	-
C01600	Proceeds from long-term borrowings	820,000	2,560,691
C01700	Repayments of long-term borrowings	(1,215,740)	(2,163,961)
C03000	Increase in deposits received	53,797	13,999
C03100	Decrease in deposits received	(5,466)	(15,771)
C04020	Lease principal repayment	(23,482)	(15,736)

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Code		2024	2023
C04500	Cash dividends paid by subsidiaries	(\$ 11,640)	\$ -
C04600	Cash capital	-	326,000
C04700	Subsidiaries' cash capital reduction	(145,503)	-
C04900	Cost of treasury stock repurchase	(126,907)	-
C05600	Interests paid	(<u>79,461</u>)	(<u>71,817</u>)
CCCC	Net cash inflow (outflow) from financing activities	(<u>1,293,040</u>)	<u>1,142,043</u>
DDDD	Impact of changes in exchange rate on cash and cash equivalents	<u>2,080</u>	(<u>1,088</u>)
EEEE	Increase (decrease) in cash and cash equivalents for the year	(454,064)	416,159
E00100	Cash and cash equivalents balance - beginning of the year	<u>947,584</u>	<u>531,425</u>
E00200	Cash and cash equivalents balance - end of the year	<u>\$ 493,520</u>	<u>\$ 947,584</u>

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

Chairman: Lee Ching-Hung

Manager: Lee I-Chuan

Head of accounting: Ting
Szu-Fang

Tai Tung Communication Co., Ltd. and subsidiaries
Notes to Consolidated Financial Statements
January 1 to December 31, 2024 and 2023
(All amounts in NT\$ thousand unless otherwise specified)

(I) Company History

Tai Tung Communication Co., Ltd. (hereinafter referred to as the "parent company" 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 company 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 company 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 company, in this merger/consolidation the parent company 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 company 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 company's functional currency.

(II) Date and Procedures for Approval of Financial Statements

The consolidated financial statements were approved for publication by the board of directors on March 7, 2025.

(III) 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 revised International Financial Reporting Standards (IFRS Accounting Standards) endorsed and issued into effect by the Financial Supervisory Commission in 2024 did not result in significant changes in accounting policies.

2. The IFRS Accounting Standards endorsed by the FSC applicable in 2025

<u>New/amended/ revised standards or interpretations</u>	<u>Effective date of IASB publication</u>
IAS 21 amendment of "Lack of Exchangeability"	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments" Regarding the Application Guidance for Financial Asset Classification	January 1, 2026 (Note 2)

Note 1 : This amendment will be applicable for annual reporting periods beginning after January 1, 2025. Upon initial application of these amendments, comparative periods should not be restated. Instead, the impact should be recognized in retained earnings or in the foreign currency translation reserve under equity (as appropriate) at the date of initial application, along with the related affected assets and liabilities.

Note 2 : Applicable to annual reporting periods beginning on or after January 1, 2026, with early application permitted from January 1, 2025. Upon initial application of the amendments, retrospective application is required; however, comparative periods do not need to be restated. The impact of the initial application shall be recognized on the date of initial application. However, an entity may elect to restate comparative periods if it can do so without the use of hindsight.

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

<u>New/amended/ revised standards or interpretations</u>	<u>Effective date of IASB publication (Note 1)</u>
"Annual Improvements to IFRS Accounting Standards - Volume 11"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments" Regarding the Application Guidance for Derecognition of Financial Liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Involving Naturally Dependent Electricity"	January 1, 2026
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 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Note 1 : Unless otherwise stated, the aforementioned new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.	

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements." The main changes in this standard include:

- The income statement should classify income and expense items into operating, investing, financing, income tax, and discontinued operations categories.
- The income statement should present subtotals and totals for operating profit or loss, profit or loss before financing and tax, and profit or loss.
- Guidelines to Strengthen Aggregation and Disaggregation Requirements: The Company must identify assets, liabilities, equity, revenues, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on common characteristics, so that each line item presented in the primary financial statements has at least one similar characteristic. Items with dissimilar characteristics should be disaggregated in the primary financial statements and notes. The company shall label such items as "Other" only when no more informative label can be identified.

- Enhance Disclosure of Management-Defined Performance Measures: When the Company engages in public communications outside the financial statements and communicates management's view on certain aspects of the Company's overall financial performance to financial statement users, it shall disclose information related to management-defined performance measures in a single note to the financial statements. This information should include a description of the measure, how it is calculated, its reconciliation with subtotals or totals specified in IFRS accounting standards, and the income tax and non-controlling interest effects of the reconciling items.

In addition to the impacts above, the Company evaluates that other 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 statements, the Company is still assessing other impact of amendments to each standard and interpretation on the Company's financial position and financial performance, which will be disclosed after completing the assessment.

(IV) Summary of Significant Accounting Policies

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 for which there is no substantive right at the balance sheet date to defer settlement for at least 12 months after the balance sheet date.

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 adjusted amount of non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners 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 attributed to the 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 interests 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 refer 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. The Company recognizes an intangible asset - concession at fair value when it obtains the right to charge users of public infrastructure (as consideration for providing construction services in a service concession arrangement), and subsequently measures it at cost less accumulated amortization and accumulated impairment losses.

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

Financial assets and financial liabilities are recognized in the consolidated balance sheets when the Company becomes a party to the contracts of such instruments.

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.

A. 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 measured at fair value through profit or loss

Financial assets measured 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 29 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 measured 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 measured 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 measured at amortized cost

The Company's financial assets, if meeting both of the following conditions, are classified as financial assets measured 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.

B. Impairment of financial assets and contract 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.

C. 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 company 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

A. Subsequent measurement

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

B. 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.

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 obligation to ensure that engineering projects comply with the agreed specifications is recognized based on management's best estimate of the expenditure required to settle the Company's obligation, and is recognized when the related project revenue is recognized.

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 obtained the "Taipei City Fiber Optic Network Construction and Operation Project," which stipulates that the Company will undertake the basic construction or upgrade services of the Taipei City fiber optic network. When the Company obtains the right to charge users of the public infrastructure (as consideration for providing construction services in the service concession arrangement, and measuring the fair value of the intangible asset - concession rights), it gradually recognizes construction revenue and contract assets over time, which are then transferred to intangible assets - concession rights upon completion of construction. 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 has 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.

(V) 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

When there is objective evidence of impairment indicators for the Company's property, plant and equipment and intangible assets, they are assessed based on their recoverable amount (the higher of the assets' fair value less costs of disposal and their value in use). Changes in market prices or future cash flows will affect the recoverable amount of these assets, which may lead the Company to recognize additional impairment losses or reverse previously recognized impairment losses. As of December 31, 2024 and 2023, please refer to Notes 14 and 17 for the carrying amounts of the Company's property, plant and equipment and intangible assets.

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. In accordance with the terms of the service concession arrangement, the Company recognizes an intangible asset at fair value to the extent that it receives the right to charge users of the public service. Additionally, for those portions of infrastructure that are specified as not requiring return to the grantor, if they are expected to be used throughout their entire useful lives for the installation of Taipei City fiber optic network hardware equipment and the operation of fiber optic network usage services, they should also be accounted for under IFRIC 12 "Service Concession Arrangements." If the infrastructure is not expected to be used entirely within the service concession arrangement throughout its useful life, meaning that the infrastructure represents any significant residual interest controlled by the Company at the end of the service agreement period, then it should be accounted for under IAS 16 "Property, Plant and Equipment." As of December 31, 2024 and 2023, please refer to Notes 14 and 17 for the carrying amounts of the Company's property, plant and equipment and intangible assets.

(VI) Cash and Cash Equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Petty cash and cash on hand	\$ 1,442	\$ 1,707
Checking accounts and demand deposits	455,078	488,877
Cash Equivalents		
Time deposit with original maturity dates within 3 months	<u>37,000</u>	<u>457,000</u>
	<u>\$ 493,520</u>	<u>\$ 947,584</u>

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):

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Time deposit with original maturity dates within 3 months	1.225%~1.285%	0.55%~1.16%
Pledged time deposit	0.800%~1.715%	0.80%~1.59%

(VII) Financial Instruments Measured at Fair Value Through Profit or Loss

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Measured at fair value through income under compulsion		
Non-derivative financial assets		
- Funds	\$ 6,926	\$ 15,973
- Stocks listed on the TWSE/TPEX	<u>14,216</u>	<u>14,170</u>
	<u>\$ 21,142</u>	<u>\$ 30,143</u>
<u>Non-current</u>		
Measured at fair value through income under compulsion		
Non-derivative financial assets		
- Funds	<u>\$ 19,844</u>	<u>\$ 8,384</u>

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Non-current</u>		
Domestic Investment		
Stocks not listed on the TWSE/TPEX		
Kabletek Corporation	\$ -	\$ -
Glory Technology Service Inc.	<u>27,787</u>	<u>17,684</u>
	<u>\$ 27,787</u>	<u>\$ 17,684</u>

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, 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.

(IX) Notes receivable, accounts receivable and other receivables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total book value	\$ 1,523	\$ 1,404
Less: Allowance for losses	<u>-</u>	<u>-</u>
	<u>\$ 1,523</u>	<u>\$ 1,404</u>
Incurred by operation	\$ 1,523	\$ 1,404
Occurred not due to business	<u>-</u>	<u>-</u>
	<u>\$ 1,523</u>	<u>\$ 1,404</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Accounts receivable	\$ 370,194	\$ 207,000
Less: Allowance for losses	<u>40,304</u>	<u>1,405</u>
	<u>\$ 329,890</u>	<u>\$ 205,595</u>
<u>Other receivables</u>		
Redemption proceeds receivable from funds	\$ 2,962	\$ -
Technical service income receivable	1,661	-
Lease subsidy receivable	1,152	-
Interest receivable on fixed deposits	693	661
Interconnection fees receivable	506	263
Construction bond receivable	-	480
Others	<u>621</u>	<u>233</u>
	<u>7,595</u>	<u>1,637</u>
Less: Allowance for losses	<u>-</u>	<u>-</u>
	<u>\$ 7,595</u>	<u>\$ 1,637</u>

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, 2024 and 2023, for details about the credit risk resulting from the concentration in significant customers, please refer to Note 29.

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, 2024

1. Government organization

	Not overdue	Overdue 1 to 60 days	Overdue 61 to 120 days	Overdue more than 120 days	Individual assessment	Total
Expected loss rate	0%	0%	0%	0%~100%	100%	
Total book value	\$ 98,955	\$ 4,386	\$ -	\$ -	\$ 39,205	\$ 142,546
Allowance for loss (expected credit loss of the given duration)	-	-	-	-	(39,205)	(39,205)
Amortized cost	<u>\$ 98,955</u>	<u>\$ 4,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,341</u>

2. Corporate organizations and individual users

	Not overdue	Overdue 1 to 60 days	Overdue 61 to 120 days	Overdue more than 120 days	Individual assessment	Total
Expected loss rate	0%~0.06%	13.63%~37.76%	60.07%~62.50%	66.67%~100%	100%	
Total book value	\$ 224,842	\$ 2,248	\$ 8	\$ 110	\$ 440	\$ 227,648
Allowance for loss (expected credit loss of the given duration)	(8)	(537)	(5)	(109)	(440)	(1,099)
Amortized cost	<u>\$ 224,834</u>	<u>\$ 1,711</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 226,549</u>

December 31, 2023

1. Government organization

	Not overdue	Overdue 1 to 60 days	Overdue 61 to 120 days	Overdue 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)
Amortized cost	<u>\$ 121,024</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,049</u>

2. Corporate organizations and individual users

	Not overdue	Overdue 1 to 60 days	Overdue 61 to 120 days	Overdue 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)
Amortized cost	<u>\$ 83,315</u>	<u>\$ 481</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,546</u>

The changes in the allowance for losses for the Company's accounts receivable and other receivables are as follows:

	2024	2023
Balance, beginning of the year	\$ 1,405	\$ 9,248
Recognition (Reversal) for losses for the year	38,918	(1,194)
Offsetting for the year	(36)	(6,635)
Foreign currency translation differences	17	(14)
Balance, end of the year	<u>\$ 40,304</u>	<u>\$ 1,405</u>

(X) Inventory

	December 31, 2024	December 31, 2023
Finished goods	\$ 186,121	\$ 411,280
Work in process	38,427	54,859
Raw materials and supplies	239,429	254,211
Inventory in transit	183	1,573
	<u>\$ 464,160</u>	<u>\$ 721,923</u>

The nature of the cost of goods sold:

	2024	2023
Cost of inventory sold	\$ 753,399	\$ 648,161
Inventory falling price loss	16,708	33,122
Reversal of provisions for onerous contracts (Note 21)	(12,845)	(12,901)
Inventory obsolescence losses	75	-
	<u>\$ 757,337</u>	<u>\$ 668,382</u>

(XI) Prepayments

	December 31, 2024	December 31, 2023
Advance payment for construction	\$ 97,745	\$ 137,884
Prepayments for purchases	22,462	8,551
Prepaid tax	15,452	36,299
Advance payment for imports	1,039	4,078
Others	24,972	26,069
	<u>\$ 161,670</u>	<u>\$ 212,881</u>

(XII) Subsidiary

1. Subsidiaries Included in Consolidated Financial Statements

Entities covered by the consolidated financial statements are as follows:

Investor name	Subsidiary name	Nature of business and other information	Shareholding percentage	
			December 31, 2024	December 31, 2023
Tai Tung Communication	AgrandTech Limited (Samoa) (hereinafter referred to as "AgrandTech")	Established in Mauritius in February 2004, mainly engaged in investment holding and import/export trading business. Due to the merger between Antone Photonics Co., Ltd. and Tai Tung Communication in April 2009, it became a directly held subsidiary of Tai Tung Communication. In January 2022, its place of establishment was relocated to Samoa.	100%	100%
	Qiong Lian Co., Ltd. (hereinafter referred to as "Qiong Lian")	In April 2011, the Company added investments, mainly engaged in the sales of communication equipment and cables.	100%	100%
	Taiwan Intelligent Fiber Optic Network Co., Ltd. (hereinafter referred to as "Taifo")	The Company was established in January 2012, as a subsidiary formed according to the contract "Taipei City Fiber Network Construction and Operation Project" obtained by the parent company from the Taipei City Government on December 16, 2011. It primarily engages in telecommunications business. (Note 1)	68.22%	68.22%
	King Tung Resources Co., Ltd. (hereinafter referred to as "King Tung Resources")	The Company was established in June 2014, mainly engaged in international trade business.	89.71%	89.71%
	SING TUNG TECHNOLOGIES PTE. LTD. (hereinafter referred to as "SING TUNG")	The Company was established in Singapore in January 2016, formed as a result of the parent company obtaining a fireproof packaging material engineering project from a Singapore telecommunications company in 2015. It primarily engages in communication network engineering business.	97%	97%
AgrandTech	Datong Construction Co., Ltd. (hereinafter referred to as "Datong Construction")	The Company was established in August 2017, mainly engaged in the construction business. (Note 2)	51%	51%
	Anhui Tonghua Optoelectronics Co., Ltd. (hereinafter referred to as "Tonghua Optoelectronics")	Established in September 2003 in Anhui, China, mainly producing and selling self-manufactured optical fiber cables, electric cables, and communication-related products. (Note 3)	97%	97%

Note 1 : Taiwan Intelligent Fiber Optic Network was approved for establishment on January 6, 2012, and on June 18, 2012, was approved by the Financial Supervisory Commission for public issuance of its shares. Its main business is wired communication network services. In April 2013, it obtained a permit for urban network business construction, beginning the Taipei City fiber optic network deployment project. In July 2014, it received a special license for urban network business from the National Communications Commission (NCC), and in August 2021, it was approved by the NCC to register as a telecommunications business.

Note 2 : Datong Construction resolved to dissolve at the shareholders' meeting held on June 15, 2023. As of December 31, 2024, the liquidation process had not been completed.

Note 3 : The parent company resolved to execute the dissolution and liquidation procedures of Tonghua Optoelectronics at the board meeting on January 14, 2022. As of December 31, 2024, the liquidation process had not been completed.

Note 4 : In 2024 and 2023, apart from Taiwan Intelligent Fiber Optic Network being a significant subsidiary, AgrandTech, Qiong Lian, King Tung Resources, Tonghua Optoelectronics, SING TUNG, and Datong Construction were all non-significant subsidiaries.

Note 5 : The Company does not have any subsidiaries that are not included in the consolidated financial statements.

2. Information on subsidiaries with material non-controlling interests

Subsidiary name	Proportion of ownership and voting rights held by non-controlling interests	
	December 31, 2024	December 31, 2023
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.

Subsidiary name	Profit or loss allocated to non-controlling interests		Non-controlling interests	
	2024	2023	December 31, 2024	December 31, 2023
Taifo	<u>\$ 34,069</u>	<u>\$ 23,539</u>	<u>\$ 639,845</u>	<u>\$ 761,214</u>

The following is the summarized financial information of the subsidiaries, prepared based on amounts before inter-company transactions were eliminated:

Taifo

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current assets	\$ 377,394	\$ 875,816
Non-current assets	3,146,424	3,161,840
Current liabilities	(117,427)	(119,584)
Non-current liabilities	(<u>1,403,253</u>)	(<u>1,533,080</u>)
Equity	<u>\$ 2,003,138</u>	<u>\$ 2,384,992</u>
	<u>2024</u>	<u>2023</u>
Operating revenue	\$ <u>872,684</u>	\$ <u>830,394</u>
Net income for the year	\$ 107,189	\$ 74,067
Other comprehensive income	(<u>19</u>)	<u>8</u>
Total comprehensive income	<u>\$ 107,170</u>	<u>\$ 74,075</u>
Cash flow		
Operating activities	\$ 371,850	\$ 286,635
Investing activities	(191,328)	(125,940)
Financing activities	(<u>677,356</u>)	<u>320,853</u>
Net cash inflows (outflows)	(<u>\$ 496,834</u>)	<u>\$ 481,548</u>
Dividends paid to non-controlling interests	<u>\$ 11,640</u>	<u>\$ -</u>
Capital reduction payments to non-controlling interests	<u>\$ 145,503</u>	<u>\$ -</u>

(XIII) Investments accounted for using the equity method

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Individually insignificant associates		
Fiber Logic Communications, Inc. (hereinafter referred to as "Fiber Logic")	\$ -	\$ 134,824
Chien Tung Harbour Service Co., Ltd. (hereinafter referred to as "Chien Tung")	194,503	162,235
D.F. Technologies Inc. (hereinafter referred to as "D.F. Technologies")	<u>38,685</u>	<u>30,210</u>
	<u>\$ 233,188</u>	<u>\$ 327,269</u>

Company name	Percentage of ownership interests and voting rights	
	December 31, 2024	December 31, 2023
Fiber Logic	-	27.94%
Chien Tung	24.03%	24.03%
D.F. Technologies	14.15%	20.16%

Fiber Logic repurchased 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.

The parent company resolved at the board meeting on November 14, 2024, to dispose of all 6,265 thousand shares of Fiber Logic at NT\$71.8 per share, with a disposal price of NT\$448,488 thousand (after deducting taxes and fees). The aforementioned shares were transferred on November 18, 2024, recognizing a gain on disposal of investment of NT\$290,393 thousand (recorded under other gains and losses) and reducing capital surplus by NT\$236 thousand.

On March 24, 2023, a cash capital increase of NT\$200,000 thousand was carried out by Chien Tung, 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.

D.F. Technologies carried out cash capital increases totaling NT\$79,008 thousand from July to December 2024, all issued at NT\$25 per share, for a total of 3,160 thousand shares. The subsidiary Taifo did not subscribe according to its shareholding ratio, resulting in a decrease in its ownership percentage from 20.16% to 14.15%. After a comprehensive evaluation by the parent company regarding the number of director seats held by Taifo on the board of directors of D.F. Technologies, it was determined that significant influence over D.F. Technologies is still maintained. This transaction resulted in an increase of NT\$3,673 thousand in capital surplus and NT\$1,711 thousand in non-controlling interests due to changes in the Company's ownership equity.

Information on individually insignificant associates is summarized as follows:

	2024	2023
Share to which the company is entitled		
Net income for the year	\$ 58,867	\$ 26,829
Other comprehensive income	(1)	8
Total comprehensive income	<u>\$ 58,866</u>	<u>\$ 26,837</u>

(XIV) 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 awaiting inspection	Total
<u>Costs</u>										
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)	(102,943)	-	(6,748)	(6,629)	(177)	(1,841)	-	(200,010)
Effect of foreign exchange rate 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	<u>\$ 808,121</u>	<u>\$ 616,299</u>	<u>\$ 488,057</u>	<u>\$1,393,583</u>	<u>\$ 60,254</u>	<u>\$ 26,390</u>	<u>\$ 97,962</u>	<u>\$ 12,226</u>	<u>\$ 16,230</u>	<u>\$3,519,122</u>
<u>Accumulated depreciation and impairment</u>										
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)	(102,943)	-	(6,584)	(6,629)	(177)	(1,841)	-	(199,846)
Depreciation expenses	-	25,409	20,879	101,306	5,271	3,873	6,949	726	-	164,413
Effect of foreign exchange rate differences	-	(429)	(311)	-	35	(2)	-	(5)	-	(712)
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 68,650</u>	<u>\$ 325,504</u>	<u>\$ 622,759</u>	<u>\$ 36,641</u>	<u>\$ 19,516</u>	<u>\$ 85,473</u>	<u>\$ 11,862</u>	<u>\$ -</u>	<u>\$1,170,405</u>
Net as of December 31, 2023	<u>\$ 808,121</u>	<u>\$ 547,649</u>	<u>\$ 162,553</u>	<u>\$ 770,824</u>	<u>\$ 23,613</u>	<u>\$ 6,874</u>	<u>\$ 12,489</u>	<u>\$ 364</u>	<u>\$ 16,230</u>	<u>\$2,348,717</u>
<u>Costs</u>										
Balance as of January 1, 2024	\$ 808,121	\$ 616,299	\$ 488,057	\$1,393,583	\$ 60,254	\$ 26,390	\$ 97,962	\$ 12,226	\$ 16,230	\$3,519,122
Addition	1,285	2,129	43,620	31,468	4,292	396	795	-	79,252	163,237
Disposal	-	(31,031)	(651)	-	(1,480)	-	-	-	-	(33,162)
Effect of foreign exchange rate differences	-	839	-	-	155	-	-	-	-	994
Reclassification	772	-	2,452	22,413	-	-	-	-	(10,048)	15,589
Balance as of December 31, 2024	<u>\$ 810,178</u>	<u>\$ 588,236</u>	<u>\$ 533,478</u>	<u>\$1,447,464</u>	<u>\$ 63,221</u>	<u>\$ 26,786</u>	<u>\$ 98,757</u>	<u>\$ 12,226</u>	<u>\$ 85,434</u>	<u>\$3,665,780</u>
<u>Accumulated depreciation and impairment</u>										
Balance as of January 1, 2024	\$ -	\$ 68,650	\$ 325,504	\$ 622,759	\$ 36,641	\$ 19,516	\$ 85,473	\$ 11,862	\$ -	\$1,170,405
Elimination - asset disposal	-	(24,419)	(651)	-	(1,173)	-	-	-	-	(26,243)
Depreciation expenses	-	29,431	32,001	112,644	6,277	2,991	5,886	48	-	189,278
Effect of foreign exchange rate differences	-	746	-	-	100	-	-	-	-	846
Balance as of December 31, 2024	<u>\$ -</u>	<u>\$ 74,408</u>	<u>\$ 356,854</u>	<u>\$ 735,403</u>	<u>\$ 41,845</u>	<u>\$ 22,507</u>	<u>\$ 91,359</u>	<u>\$ 11,910</u>	<u>\$ -</u>	<u>\$1,334,286</u>
Net as of December 31, 2024	<u>\$ 810,178</u>	<u>\$ 513,828</u>	<u>\$ 176,624</u>	<u>\$ 712,061</u>	<u>\$ 21,376</u>	<u>\$ 4,279</u>	<u>\$ 7,398</u>	<u>\$ 316</u>	<u>\$ 85,434</u>	<u>\$2,331,494</u>

As of December 31, 2024 and 2023, Taifo performed impairment assessments on the communication equipment and construction in progress and equipment awaiting inspection (recorded under property, plant and equipment) as well as service concession rights (recorded under intangible assets) related to the "Taipei City Fiber Optic Network Construction and Operation Outsourcing Project." On those dates, the recoverable amount exceeded the carrying amount, thus no impairment loss needed to be recognized. Taifo used value in use as the recoverable amount for the aforementioned assets, with pre-tax discount rates of 12.2% and 9.8%, respectively. The recoverable amount was based on asset impairment assessment reports issued by independent valuation experts who were not related parties.

In July 2024, Tonghua Optoelectronics signed a factory transfer agreement with Lai'an County Wanyi Machinery Co., Ltd., a non-related party, and completed the ownership transfer in September 2024. The disposal price was RMB 11,000 thousand,

and a gain on disposal of RMB 8,758 thousand (equivalent to NT\$38,982 thousand) was recognized.

In October 2022, the parent company signed a purchase contract for agricultural land. Since the purchased agricultural land could not be transferred under the parent company's name, it was temporarily registered under the name of Lee Ching-Hung, the Chairman of the parent company. A real estate nominee registration contract was signed with him, clearly defining the rights and obligations of both parties. The parent company has been successively applying to relevant authorities for land reclassification. As of December 31, 2024, the parent company's land registered under nominee arrangement amounted to NT\$71,602 thousand.

On October 18, 2024, Taifo, in order to establish telecommunications equipment rooms, passed a resolution at its shareholders' meeting to sign a real estate pre-purchase contract with Ching Tong Investment Co., Ltd. (hereinafter referred to as "Ching Tong"), a related party. This contract was to acquire part of the units and parking spaces from the housing construction project jointly developed by Tai Tung Communication and Ching Tong, totaling 91.18 pings of land, 488.45 pings of main building space, and 62.39 pings of parking space, with a total contract price of NT\$371,296 thousand. As of December 31, 2024, Taifo has paid NT\$73,006 thousand according to the construction progress.

For information on the amount of property, plant and equipment pledged as collateral for loans by the Company, please refer to Note 34.

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 38 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 21 years
Other equipment	7 to 15 years

(XV) Lease agreement

1. Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of right-of-use assets		
Land	\$ 157,896	\$ 1,159
Building	29,928	42,543
Transportation equipment	2,570	1,932
Office equipment	<u>339</u>	<u>565</u>
	<u>\$ 190,733</u>	<u>\$ 46,199</u>
	<u>2024</u>	<u>2023</u>
Addition of right-of-use assets	<u>\$ 165,163</u>	<u>\$ 50,739</u>
Derecognition of right-of-use assets	<u>\$ 3,270</u>	<u>\$ 2,350</u>
Depreciation expenses of right-of-use assets		
Land	\$ 3,176	\$ 1,830
Building	12,694	13,481
Transportation equipment	1,263	276
Office equipment	<u>226</u>	<u>226</u>
	<u>\$ 17,359</u>	<u>\$ 15,813</u>

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 2024 and 2023.

2. Lease liability

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of lease liability		
Current	<u>\$ 29,435</u>	<u>\$ 14,843</u>
Non-current	<u>\$ 155,491</u>	<u>\$ 31,696</u>

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Land	2.29%	2.65%
Building	2.04%	2.04%~2.21%
Transportation equipment	2.14%~2.29%	2.14%
Office equipment	1.44%	1.44%

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 or a year. Leases may be renewed upon expiry with a 3 to 20 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.

	2024	2023
Short-term lease expenses	<u>\$ 7,231</u>	<u>\$ 4,848</u>
Low-value asset lease expenses	<u>\$ 62</u>	<u>\$ 61</u>
Total cash outflow from lease	<u>(\$ 32,225)</u>	<u>(\$ 21,653)</u>

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

	December 31, 2024	December 31, 2023
Lease commitments	<u>\$ 9,503</u>	<u>\$ 4,320</u>

(XVI) Investment property

	<u>Investment property</u>
<u>Costs</u>	
Balance as of January 1, 2023	\$ 118,253
Disposal	(22,094)
Reclassification	<u>120,585</u>
Balance as of December 31, 2023	<u>\$ 216,744</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2023	\$ 22,094
Elimination - asset disposal	(22,094)
Balance as of December 31, 2023	<u>\$ -</u>
Net as of December 31, 2023	<u>\$ 216,744</u>
<u>Costs</u>	
Balance as of January 1 and December 31, 2024	<u>\$ 216,744</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1 and December 31, 2024	<u>\$ -</u>
Net as of December 31, 2024	<u>\$ 216,744</u>

The fair value of the Company's investment properties as of December 31, 2024 and 2023, respectively, amounted to NT\$657,090 thousand and NT\$707,736 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 34.

On December 31, 2023, premiums received by the Company under operating leases were 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 are listed as follows:

	<u>December 31, 2023</u>
First year	\$ 1,800
Second year	<u>750</u>
	<u>\$ 2,550</u>

As of December 31, 2024 and 2023, the parent company has engaged in a joint construction and housing division project with Ching Tong Investment Co., Ltd. and

Founding Construction Development Corp. to build a factory office building on land located in Wugu (with carrying amounts of NT\$132,960 thousand for both years). (Please refer to Note 33(12) for related information.)

(XVII) Intangible assets

	Service Concession	Computer software	Total
<u>Costs</u>			
Balance as of January 1, 2023	\$ 2,642,470	\$ 214,914	\$ 2,857,384
Acquired separately	<u>92,605</u>	<u>595</u>	<u>93,200</u>
Balance as of December 31, 2023	<u>\$ 2,735,075</u>	<u>\$ 215,509</u>	<u>\$ 2,950,584</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2023	\$ 660,671	\$ 196,919	\$ 857,590
Amortization expenses	<u>145,527</u>	<u>18,263</u>	<u>163,790</u>
Balance as of December 31, 2023	<u>\$ 806,198</u>	<u>\$ 215,182</u>	<u>\$ 1,021,380</u>
Net as of December 31, 2023	<u>\$ 1,928,877</u>	<u>\$ 327</u>	<u>\$ 1,929,204</u>
<u>Costs</u>			
Balance as of January 1, 2024	\$ 2,735,075	\$ 215,509	\$ 2,950,584
Acquired separately	<u>95,784</u>	<u>645</u>	<u>96,429</u>
Balance as of December 31, 2024	<u>\$ 2,830,859</u>	<u>\$ 216,154</u>	<u>\$ 3,047,013</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2024	\$ 806,198	\$ 215,182	\$ 1,021,380
Amortization expenses	<u>152,153</u>	<u>665</u>	<u>152,818</u>
Balance as of December 31, 2024	<u>\$ 958,351</u>	<u>\$ 215,847</u>	<u>\$ 1,174,198</u>
Net as of December 31, 2024	<u>\$ 1,872,508</u>	<u>\$ 307</u>	<u>\$ 1,872,815</u>

1. The Company signed the "Taipei City Fiber Optic Network Outsourcing Construction and Operation Project" with the Taipei City Government in January 2012, mainly to deploy and operate a fiber optic network with full coverage throughout Taipei City to strengthen and improve Taipei City's broadband environment. As of December 31, 2024 and 2023, the Company pledged certificates of deposit as performance bonds for this project amounting to NT\$63,215 thousand and NT\$62,469 thousand, respectively. (recorded as other financial assets - non-current).
2. The Company provides construction services in exchange for the service concession agreements of the aforementioned operation cases, and recognized construction revenue of NT\$95,784 thousand and NT\$92,605 thousand in 2024 and 2023 respectively; construction costs were NT\$80,750 thousand and NT\$81,893 thousand. The consideration receivable for providing construction

services was recognized as intangible assets based on fair value, which was determined based on the intangible asset valuation report issued by Grand Elite Property Appraisal Co.,Ltd.

3. The Company's fiber optic internet service has been fully launched in all 12 administrative districts in Taipei City. In October 2017, the Company completed the "Taipei City Video Surveillance System Center and On-site Equipment Turnkey Project" and "Expansion of Taipei City Video Surveillance System Phase II Procurement Project" regional transmission systems for the Taipei City Government Police Department. The intangible assets – service concession rights recognized from the aforementioned operation cases are amortized over the concession period during the actual operation 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
5. Please refer to Note 14 for the impairment assessment of intangible assets as of December 31, 2024 and December 31, 2023.

(XVIII) Bank loans

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Short-term borrowings</u>		
Bank secured loan (Note 34)	\$ 150,000	\$ 668,638
Bank credit facility	<u>-</u>	<u>40,000</u>
	<u>\$ 150,000</u>	<u>\$ 708,638</u>
<u>Long-term borrowings</u>		
Syndicated loan	\$ 1,385,000	\$ 1,525,000
Bank secured loan (Note 34)	905,510	1,054,510
Bank credit facility	<u>-</u>	<u>106,740</u>
	2,290,510	2,686,250
Less: Unamortized cost of long-term bank loans	5,674	7,500
Less: Portion classified as due within one year	<u>-</u>	<u>24,165</u>
	<u>\$ 2,284,836</u>	<u>\$ 2,654,585</u>

1. As of December 31, 2024 and 2023, the effective interest rates on short-term bank secured loans were 2.07% and 2.04%~2.50%, respectively.
2. As of December 31, 2023, the effective interest rates on short-term bank credit facilities was 2.55%.
3. Long-term bank guarantee facilities will be successively maturing in September 2029. As of December 31, 2024 and 2023, the effective annual interest rates were 2.17% - 2.24% and 2.04% - 2.12%, respectively. Interest is paid monthly, with principal repayment in a lump sum at maturity.
4. As of December 31, 2023, the long-term bank credit facilities' effective annual interest rates were and 2.14%~2.50%. 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 a total credit line of NT\$1.7 billion with Mega International Commercial Bank and 8 other banks on August 27, 2021 (with the first drawdown in September 2021). This syndicated loan was fully repaid ahead of schedule on October 27, 2023.
6. Taifo signed a syndicated credit facility agreement with a total amount of 1.9 billion TWD on a 5-year term with Mega International Commercial Bank and 9 other banks on September 25, 2023 (first draw in October 2023). The effective interest rates as of December 31, 2024, and December 31, 2023, were 2.764% and 2.632%, respectively. This credit facility is intended to finance the "Taipei City Fiber Optic Network Outsourcing Construction and Operation Project," with Tai Tung Communication acting as the joint guarantor. The related terms and the amount utilized as of December 31, 2024, are as follows:

	Credit limit	Actual utilization/ Remaining guarantee	Credit facility period	Repayment method	Note
Credit facility A	\$ 1,300,000	\$ 1,105,000	From the first drawdown date until the expiration of 5 years.	The first payment period is 9 months from the initial drawdown date, with subsequent periods of 3 months each, for a total of 18 periods; for the first 17 periods, 2.5% of the principal is repaid each period, and 57.5% is repaid in the 18th period. As of December 31, 2024, Taiwan Intelligent Network has prepaid principal of NT\$130,000 thousand due within one year.	Non-revolving facility, can be drawn in installments; any undrawn amount will be canceled 6 months from the signing date.
Credit facility B	200,000	-	From the first drawdown date until the expiration of 5 years.	The first payment period is 36 months from the initial drawdown date, with subsequent periods of 3 months each, for a total of 9 periods; for the first 8 periods, 4% of the principal is repaid each period, and 68% is repaid in the 9th period.	Non-revolving facility, can be drawn in installments; any undrawn amount will be canceled 36 months from the initial drawdown date.
Credit facility C	\$ 400,000 (The syndicated loan's joint credit balance of credit facility C and D cannot exceed \$400,000)	\$ 280,000	From the first drawdown date until the expiration of 5 years.	Payment in full at maturity.	Revolving facility, each drawdown period minimum 60 days, maximum not to exceed 180 days.
Credit facility D	120,000 (The syndicated loan's joint credit balance of credit facility C and D cannot exceed \$400,000)	55,196	From the first drawdown date until the expiration of 5 years.	Guarantee period valid until expiration of the credit facility.	Revolving facility, maximum expiration date for each letter of guarantee not to exceed two years.

According to the agreement, during the contract period, Taifo's semi-annual individual financial statements must maintain: (1) current ratio of at least 100%; (2) debt ratio (total liabilities/shareholders' equity) below 100%, and below 80% starting from 2026; (3) net worth not less than NT\$1.7 billion, and not less than NT\$1.4 billion starting from 2025.

As of December 31, 2024, Taifo has not violated any provisions of the relevant credit agreements.

7. For information on collateral provided for bank loans, please refer to Note 34.

(XIX) Notes payable and accounts payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes payable	<u>\$ 14</u>	<u>\$ 129</u>
Accounts payable	<u>\$ 130,731</u>	<u>\$ 158,970</u>

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.

(XX) Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Salary and bonus payables	\$ 56,295	\$ 49,042
Accrued employee bonuses and director and supervisor remuneration	27,561	5,850
Payables for equipment	349	8,140
Accrued taxes payable	11,398	11,623
Cleaning expenses payable	16,938	16,086
Others	<u>37,735</u>	<u>41,466</u>
	<u>\$ 150,276</u>	<u>\$ 132,207</u>

(XXI) Provisions

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Onerous contracts	\$ 49,203	\$ 113,102
Employee benefits	8,530	7,988
Warranty	7,915	-
Provisions for loss contingency	<u>20,433</u>	<u>-</u>
	<u>\$ 86,081</u>	<u>\$ 121,090</u>
<u>Non-current</u> (Note 22)		
Decommissioning liabilities	\$ 12,721	\$ 12,721
Provisions for loss contingency	35,600	35,600
Warranty	<u>448</u>	<u>1,607</u>
	<u>\$ 48,769</u>	<u>\$ 49,928</u>

	Onerous contracts	Warranty	Decommissioning liabilities	Provisions for loss contingency	Total
Balance as of January 1, 2024	\$ 113,102	\$ 1,607	\$ 12,721	\$ 35,600	\$ 163,030
Addition for the year (recorded as construction cost)	45,288	7,451	-	-	52,739
Addition (reversal) for the year (recorded as cost of goods sold)	(12,865)	20	-	-	(12,845)
Addition for the year (recorded as cost of administrative expenses)	-	-	105	-	105
Addition for the year (recorded as other gains and losses)	-	-	-	20,433	20,433
Settled or utilized during the current year	(96,322)	(715)	(105)	-	(97,142)
Balance as of December 31, 2024	<u>\$ 49,203</u>	<u>\$ 8,363</u>	<u>\$ 12,721</u>	<u>\$ 56,033</u>	<u>\$ 126,320</u>
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 (reversal) for the year (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	<u>\$ 113,102</u>	<u>\$ 1,607</u>	<u>\$ 12,721</u>	<u>\$ 35,600</u>	<u>\$ 163,030</u>

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 leased land, 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.
5. Contingent loss provision represents the Company's best estimate of potential future penalty payments due to delays in contract performance. The dispute between King Tung Resources and the Ministry of Transportation's Taiwan Railway Corporation, Ltd. (hereinafter referred to as Taiwan Railway) regarding late payment penalties and the contingent loss provision made in advance for possible future payment obligations, please refer to Note 35(10).

(XXII) Other non-current liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Provisions - non-current (Note 21)	\$ 48,769	\$ 49,928
Deposits received	89,003	34,166
Others	<u>11,447</u>	<u>12,694</u>
	<u>\$ 149,219</u>	<u>\$ 96,788</u>

(XXIII) 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 2024 and 2023 have been recognized as expenses in the consolidated statement of comprehensive income totaling NT\$13,182 thousand and NT\$13,064 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:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit	\$ 3,055	\$ 13,570
The fair value of plan assets	(<u>8,305</u>)	(<u>13,226</u>)
Net defined benefit liability (assets)	(<u>\$ 5,250</u>)	<u>\$ 344</u>

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

	Defined benefit Present value of obligations	Plan assets Fair value	Net defined benefit Liabilities (assets)
Balance as of January 1, 2023	<u>\$ 13,384</u>	<u>(\$ 13,343)</u>	<u>\$ 41</u>
Service costs			
Current service cost	127	-	127
Interest expenses (incomes)	<u>164</u>	<u>(164)</u>	<u>-</u>
Recognized in profit or loss	<u>291</u>	<u>(164)</u>	<u>127</u>
Remeasurement			
Return on plan asset (other than amount included in net interest)	-	(116)	(116)
Actuarial loss - adjustment through experience	<u>462</u>	<u>-</u>	<u>462</u>
Recognized in other comprehensive income	<u>462</u>	<u>(116)</u>	<u>346</u>
Employer appropriation	<u>-</u>	<u>(170)</u>	<u>(170)</u>
Payments of plan assets	<u>(567)</u>	<u>567</u>	<u>-</u>
December 31, 2023	<u>\$ 13,570</u>	<u>(\$ 13,226)</u>	<u>\$ 344</u>
Balance as of January 1, 2024	<u>\$ 13,570</u>	<u>(\$ 13,226)</u>	<u>\$ 344</u>
Service costs			
Current service cost	616	-	616
Interest expenses (incomes)	<u>133</u>	<u>(130)</u>	<u>3</u>
Recognized in profit or loss	<u>749</u>	<u>(130)</u>	<u>619</u>
Remeasurement			
Return on plan asset (other than amount included in net interest)	-	(1,210)	(1,210)
Actuarial profit - change in financial assumptions	(92)	-	(92)
Actuarial profit - adjustment through experience	<u>(4,740)</u>	<u>-</u>	<u>(4,740)</u>
Recognized in other comprehensive income	<u>(4,832)</u>	<u>(1,210)</u>	<u>(6,042)</u>
Employer appropriation	<u>-</u>	<u>(171)</u>	<u>(171)</u>
Payments of plan assets	<u>(6,432)</u>	<u>6,432</u>	<u>-</u>
December 31, 2024	<u>\$ 3,055</u>	<u>(\$ 8,305)</u>	<u>(\$ 5,250)</u>

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.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discounted rate	1.500%	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:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discounted rate		
Increased by 0.25%	(\$ <u>92</u>)	(\$ <u>385</u>)
Decreased by 0.25%	<u>\$ 96</u>	<u>\$ 399</u>
Expected rate of salary increase		
Increased by 0.25%	<u>\$ 95</u>	<u>\$ 393</u>
Decreased by 0.25%	(\$ <u>92</u>)	(\$ <u>382</u>)

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.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Amount expected to be appropriated within 1 year	<u>\$ 163</u>	<u>\$ 179</u>
Average duration to maturity of defined benefit obligation	15.0 years	13.0 years

(XXIV) Equity

1. Common stock

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Authorized number of shares (in thousands of shares)	<u>200,000</u>	<u>200,000</u>
Authorized capital stock	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands of shares)	<u>165,922</u>	<u>170,922</u>
Capital stock issued	<u>\$ 1,659,219</u>	<u>\$ 1,709,219</u>

On August 9, 2023, the parent company's board of directors resolved to carry out a cash capital increase by issuing 20,000 thousand common shares at a price of NT\$16.3 per share. 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.

2. Capital surplus

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>For loss make-up, payment in cash or capitalization as equity (Note)</u>		
Stock issuance premium	\$ 985,607	\$ 1,015,308
Conversion premium of the convertible bond	229,684	229,684
<u>Only for loss make-up</u>		
Changes in equity of associates accounted for using the equity method	3,673	236
<u>May not be used for any purpose</u>		
Cash capital increase employee stock options	<u>928</u>	<u>928</u>
	<u>\$ 1,219,892</u>	<u>\$ 1,246,156</u>

Note 1 : 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 parent company's board of directors 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 Company recognized the remuneration 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:

	112 years
Fair value on the given day	NT\$17.35
Execution price	NT\$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 earnings distribution policy of the parent company's Articles of Incorporation, after closing of accounts, if there is surplus earning, the parent company shall first make up the losses for the preceding years and then set aside a legal reserve of 10% of the net income. Where such legal reserve amounts to the total paid-in capital of the parent company, 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 earnings 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' remuneration and remuneration to directors stipulated in the parent company's Article of Incorporation, please refer to Note 26 (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 2023 earnings distribution as resolved at the shareholders' meeting of the parent company on May 31, 2024.

	Earnings distribution
Legal reserve	<u>\$ 1,104</u>

The 2022 deficit compensation as proposed by the parent company'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	<u>582</u>
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	<u>196,338</u>
Year's end deficit to be offset	<u>\$ -</u>

The 2024 earnings distribution as proposed by the parent company's board of directors on March 7, 2025.

	Earnings distribution
Legal reserve	\$ 36,562
Cash dividend	232,291
Cash dividend per share (NT\$)	1.4

The proposal for 2024 profit distribution was expected to be resolved by the general shareholders' meeting on May 27, 2025.

4. Other equity

(1) Exchange differences on translation of foreign financial statements

	2024	2023
Balance, beginning of the year	(\$ 7,242)	(\$ 7,008)
Accrued in current year		
Exchange differences arising from translation of the net assets of a foreign operation	2,219	(300)
Share of associates accounted for using the equity method	(13)	8
Related income tax	(441)	58
Balance, end of the year	(\$ 5,477)	(\$ 7,242)

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

	2024	2023
Balance, beginning of the year	\$ 5,989	\$ 4,015
Accrued in current year		
Unrealized gain or loss		
Equity instruments	10,103	1,178
The accumulated gain/loss from the disposition of equity instruments will be transferred to retained earnings	-	796
Balance, end of the year	\$ 16,092	\$ 5,989

5. Non-controlling interests

	2024	2023
Balance, beginning of the year	\$ 768,158	\$ 743,498
Share attributed to non-controlling interests		
Net income for the year	34,648	22,607
Changes in ownership interests in subsidiaries	1,711	-
Exchange differences on translation of foreign financial statements	\$ 63	(\$ 7)
Difference between actual acquisition price and book value of subsidiary shares (Note 30)	-	2,060
Return of share capital from capital reduction of subsidiaries	(145,503)	-
Cash dividends paid by subsidiaries	(11,640)	-
Balance, end of the year	\$ 647,437	\$ 768,158

Subsidiary Taifo conducted a capital reduction and capital return in cash as approved by the shareholders' meeting on December 14, 2023, resulting in the cancellation of 45,779 thousand shares, with a capital reduction ratio of 20%. The above cash capital reduction has been declared effective by the Taiwan Stock Exchange on December 26, 2023, with the record date set for January 8, 2024, and the registration of changes has been completed.

6. treasury stock

	Unit: thousand shares
	Repurchased for cancellation
Number of Shares as of January 1, 2024	-
Increase in the period	5,000
Decrease in the period	(5,000)
Number of shares as of December 31, 2024	-

Treasury stock held by the parent company, according to the Securities and Exchange Act, cannot be pledged, and does not possess rights such as the distribution of dividends and voting rights.

The parent company's board of directors resolved on March 8, 2024 to repurchase 5,000 thousand shares of treasury stock from March 11, 2024 to May 10, 2024. The purpose of the share repurchase is to maintain the Company's credibility and protect shareholders' interests. The maximum amount for the repurchase is NT\$1,132,704 thousand, with a repurchase price range of NT\$26 to NT\$35 per share. However, if the share price falls below the lower limit, the repurchase of its shares will continue to execute. The aforementioned treasury stock was fully repurchased on April 8, 2024, with a total repurchase amount of NT\$126,907 thousand. The repurchased treasury stock was approved for capital reduction and cancellation by the board of directors on June 11, 2024, and the registration of the change was completed on July 18, 2024.

(XXV) Revenue

	2024	2023
Customer contract revenue		
Sales revenue	\$ 909,455	\$ 749,669
Construction revenue	803,728	549,977
Telecommunications services revenue	768,113	713,602
Other revenue	6,003	21,989
	<u>\$ 2,487,299</u>	<u>\$ 2,035,237</u>

1. Contract balance

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Contract assets - current		
Engineering services	\$ 395,626	\$ 391,683
Labor service	<u>-</u>	<u>567</u>
		392,250
Less: Allowance for losses	<u>-</u>	<u>-</u>
	<u>\$ 395,626</u>	<u>\$ 392,250</u>
Contract liabilities (recorded as contract liabilities - current and other non-current liabilities)		
Sale of goods	\$ 28,364	\$ 22,052
Engineering services	99,276	69,823
Telecommunications service	1,248	2,048
Others	<u>24,262</u>	<u>8,643</u>
	<u>\$ 153,150</u>	<u>\$ 102,566</u>
Contract liabilities - current	\$ 152,699	\$ 101,790
Contract liabilities - non-current	<u>451</u>	<u>776</u>
	<u>\$ 153,150</u>	<u>\$ 102,566</u>

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:

	<u>2024</u>	<u>2023</u>
Sale of goods	\$ 20,202	\$ 1,346
Engineering services	69,823	37,861
Telecommunications service	1,020	770
Others	<u>1,697</u>	<u>12,459</u>
	<u>\$ 92,742</u>	<u>\$ 52,436</u>

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.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Expected credit loss rate	-%	-%
Total book value	\$ 395,626	\$ 392,250
Allowance for loss (expected credit loss of the given duration)	<u>-</u> <u>\$ 395,626</u>	<u>-</u> <u>\$ 392,250</u>

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

	<u>2023</u>
Balance, beginning of the year	\$ 9,699
Reversal for losses for the year	(2,437)
Offsetting for the year	(<u>7,262</u>)
Balance, end of the year	<u>\$ -</u>

2. Breakdown of revenue from contracts with customers

2024

	<u>Taiwan</u>	<u>Europe</u>	<u>Southeast Asia</u>	<u>Total</u>
<u>Type of goods or services</u>				
Sales revenue	\$ 877,099	\$ -	\$ 32,356	\$ 909,455
Construction revenue	803,721	-	7	803,728
Telecommunications services revenue	768,113	-	-	768,113
Other operating revenue	<u>5,755</u>	<u>248</u>	<u>-</u>	<u>6,003</u>
	<u>\$ 2,454,688</u>	<u>\$ 248</u>	<u>\$ 32,363</u>	<u>\$ 2,487,299</u>

2023

	<u>Taiwan</u>	<u>China</u>	<u>Southeast Asia</u>	<u>Total</u>
<u>Type of goods or services</u>				
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	<u>21,881</u>	<u>108</u>	<u>-</u>	<u>21,989</u>
	<u>\$ 1,995,247</u>	<u>\$ 110</u>	<u>\$ 39,880</u>	<u>\$ 2,035,237</u>

(XXVI) Net income before tax items

Net income before tax includes following items:

1. Other revenue

	<u>2024</u>	<u>2023</u>
Lease income from operating leases	\$ 2,690	\$ 2,618
Technical services revenue	3,152	1,977
Gain on write-off of accounts payable	3,167	6,687
Dividend income	1,093	1,598
Director remuneration income	1,408	680
Other revenue	<u>3,832</u>	<u>2,744</u>
	<u>\$ 15,342</u>	<u>\$ 16,304</u>

2. Other profits and losses

	<u>2024</u>	<u>2023</u>
Gains on financial assets measured at fair value through profit or loss	\$ 7	\$ 3,422
Contingent loss (Note 21)	(20,433)	(1,412)
Lease modification gain	24	34
Gains on disposal of investments	290,411	-
Gains on disposal of property, plant and equipment	38,955	154
Foreign exchange gains - net	<u>874</u>	<u>1,631</u>
	<u>\$ 309,838</u>	<u>\$ 3,829</u>

3. Financial costs

	<u>2024</u>	<u>2023</u>
Interest from bank borrowings	(\$ 75,699)	(\$ 69,811)
Service fee expense	(1,548)	(1,888)
Interest on lease liabilities	<u>(1,450)</u>	<u>(1,008)</u>
	<u>(\$ 78,697)</u>	<u>(\$ 72,707)</u>

4. Employee benefits expenses

	2024			2023		
	Attributed to operating expenses Costs	Attributed to operating expenses Attributable to operating expenses	Total	Attributed to operating expenses Costs	Attributed to operating expenses Attributable to operating expenses	Total
Employee benefits expenses						
Salary expenses	\$ 202,050	\$ 118,355	\$ 320,405	\$ 203,969	\$ 98,510	\$ 302,479
Labor and health insurance expenses	20,013	9,248	29,261	19,809	9,084	28,893
Pension expenses	9,056	4,745	13,801	9,074	4,117	13,191
Director remuneration	-	9,243	9,243	-	2,149	2,149
Others	9,392	3,969	13,361	8,907	3,942	12,849
	<u>\$ 240,511</u>	<u>\$ 145,560</u>	<u>\$ 386,071</u>	<u>\$ 241,759</u>	<u>\$ 117,802</u>	<u>\$ 359,561</u>

The parent company appropriates employee remuneration and director remuneration from profit before tax prior to deducting employee and director remuneration at rates not less than 1% and not more than 2%, respectively.

The parent company's board of directors resolved the employee remuneration and director remuneration for 2024 and 2023 on March 7, 2025 and March 8, 2024, respectively, as follows:

Estimation ratio

	2024	2023
Employee remuneration	3%	4%
Director remuneration	1.5%	2%

Amount

	2024	2023
	Cash	Cash
Employee remuneration	<u>\$ 12,995</u>	<u>\$ 186</u>
Director remuneration	<u>\$ 6,498</u>	<u>\$ 93</u>

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 the subsequent year.

The actual distribution amounts of employee compensation and directors' remuneration for 2023 and 2022 did not differ from the amounts recognized in the 2023 and 2022 consolidated financial statements.

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

5. Depreciation and amortization expenses

	<u>2024</u>	<u>2023</u>
Property, Plant and Equipment	\$ 189,278	\$ 164,413
Right-of-use assets	17,359	15,813
Intangible assets	<u>152,818</u>	<u>163,790</u>
Total	<u>\$ 359,455</u>	<u>\$ 344,016</u>
Summary of depreciation expenses by function		
Operating costs	\$ 167,297	\$ 131,006
Operating expenses	<u>39,340</u>	<u>49,220</u>
	<u>\$ 206,637</u>	<u>\$ 180,226</u>
Summary of depreciation expenses by function		
Operating costs	\$ 152,211	\$ 145,607
Operating expenses	<u>607</u>	<u>18,183</u>
	<u>\$ 152,818</u>	<u>\$ 163,790</u>

(XXVII) Income tax

1. Income tax recognized in profit or loss

The major components of income tax expense (benefit) are as follows:

	<u>2024</u>	<u>2023</u>
Income tax expenses in the current period		
Accrued in current year	\$ 17,570	\$ 1,546
Deferred tax		
Accrued in current year	<u>20,552</u>	(<u>6,660</u>)
Income tax expense (benefit) recognized in profit or loss	<u>\$ 38,122</u>	(<u>\$ 5,114</u>)

The reconciliation of accounting income to income tax expense (benefit) is as follows:

	<u>2024</u>	<u>2023</u>
Net income before tax	<u>\$ 479,559</u>	<u>\$ 31,757</u>
Income tax expense		
calculated at the statutory		
tax rate on net loss before		
tax (20%)	\$ 95,912	\$ 6,351
Non-deductible expenses for		
tax purposes	109	377
Tax-exempt income	(70,057)	(7,903)
Tax losses to offset the		
investment income	219	320
Basic tax payable difference	17,570	-
Unrecognized deductible		
temporary differences and		
loss carry-forward	(7,604)	(4,162)
Different tax rates on		
subsidiaries operating in		
other jurisdictions	<u>1,973</u>	(<u>97</u>)
Income tax expense (benefit)		
recognized in profit or		
loss	<u>\$ 38,122</u>	(<u>\$ 5,114</u>)

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

	<u>2024</u>	<u>2023</u>
<u>Deferred tax</u>		
Accrued in current year		
- Exchange of foreign		
operating institutions	<u>\$ 441</u>	(<u>\$ 58</u>)

3. Current income tax asset and liability

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current tax assets		
Tax refund receivable	<u>\$ 481</u>	<u>\$ 229</u>
Current tax liabilities		
Income tax	<u>\$ 17,744</u>	<u>\$ 2,975</u>

4. Deferred tax assets and liabilities

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

2024

	Balance, beginning of the year	Recognized in profit or loss	Recognized in other comprehensi ve income	Others	Balance, end of the year
<u>Deferred tax assets</u>					
Temporary difference					
Leave payables	\$ 1,598	\$ 108	\$ -	\$ -	\$ 1,706
Inventory falling price loss	22,210	(3,160)	-	(540)	18,510
Unrealized gains and losses between affiliated companies	29,362	(4,525)	-	-	24,837
Deferred revenue	82	(60)	-	-	22
Amortization of intangible assets	272	-	-	(272)	-
Provisions	151	5,519	-	-	5,670
Impairment loss of assets	6,201	(6,016)	-	(185)	-
Decommissioning liabilities	209	-	-	-	209
Onerous contracts	23,253	(13,412)	-	-	9,841
Equity method investment loss	554	1,109	-	-	1,663
Unrealized expenses	416	61	-	-	477
Property, Plant and Equipment	314	(157)	-	-	157
	<u>\$ 84,622</u>	<u>(\$ 20,533)</u>	<u>\$ -</u>	<u>(\$ 997)</u>	<u>\$ 63,092</u>
<u>Deferred tax liabilities</u>					
Temporary difference					
Exchange differences on translation of foreign operations	\$ 404	\$ -	\$ 441	\$ -	\$ 845
Pension benefits	707	-	-	-	707
Unrealized foreign exchange gain	176	19	-	-	195
	<u>\$ 1,287</u>	<u>\$ 19</u>	<u>\$ 441</u>	<u>\$ -</u>	<u>\$ 1,747</u>

2023

	Balance, beginning of the year	Recognized in profit or loss	Recognized in other comprehens ive income	Others	Balance, end of the year
<u>Deferred tax assets</u>					
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 and losses between affiliated companies	32,968	(3,606)	-	-	29,362
Deferred revenue	33	49	-	-	82
Amortization of intangible assets	277	-	-	(5)	272
Provisions	686	(535)	-	-	151
Impairment loss of assets	6,703	(498)	-	(4)	6,201
Decommissioning liabilities	209	-	-	-	209
Onerous contracts	6,578	16,675	-	-	23,253
Equity method investment loss	17	537	-	-	554
Unrealized expenses	-	416	-	-	416
Property, Plant and Equipment	-	314	-	-	314
	<u>\$ 77,909</u>	<u>\$ 6,733</u>	<u>\$ -</u>	<u>(\$ 20)</u>	<u>\$ 84,622</u>
<u>Deferred tax liabilities</u>					
Temporary difference					
Exchange differences on translation of foreign financial statements	\$ 462	\$ -	(\$ 58)	\$ -	\$ 404
Pension benefits	707	-	-	-	707
Unrealized foreign exchange gain	103	73	-	-	176
	<u>\$ 1,272</u>	<u>\$ 73</u>	<u>(\$ 58)</u>	<u>\$ -</u>	<u>\$ 1,287</u>

5. Deductible temporary differences and unused tax losses not recognized as deferred tax assets in the consolidated balance sheet

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Loss carry forwards		
Due in 2024	\$ -	\$ 208,575
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	115,864
Due in 2032	517,431	517,431
Due in 2033	75,385	46,671
Due in 2034	<u>73,461</u>	<u>-</u>
	<u>1,877,201</u>	<u>1,983,601</u>
Deductible temporary differences		
Inventory obsolescence loss	\$ 134,973	\$ 122,594
Allowance for bad debts	38,700	6,749
Unrealized loss on investments	59,472	94,444
Impairment loss of assets	366,780	363,125
Others	<u>15,932</u>	<u>15,214</u>
	<u>615,857</u>	<u>602,126</u>
Total	<u>\$ 2,493,058</u>	<u>\$ 2,585,727</u>

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:

	<u>Year of assessment</u>
Parent company	2022
Qiong Lian	2022
Taifo	2022
King Tung Resources	2022
Datong Construction	2022

(XXVIII) Earnings per share

The numerator and denominator in the calculation of earnings per share are disclosed as follows:

	Amount (numerator)	Number of shares (denominator) (thousands of shares)	Earnings per share (NT\$)
<u>2024</u>			
Basic earnings per share			
Net income attributed to shareholders of the parent company for the period	\$ 406,789	167,088	<u>\$ 2.43</u>
Impact of potentially dilutive ordinary shares:			
Employee remuneration	<u>-</u>	<u>539</u>	
Diluted earnings per share	<u>\$ 406,789</u>	<u>167,627</u>	<u>\$ 2.43</u>
<u>2023</u>			
Basic and diluted loss per share			
Net income attributed to shareholders of the parent company for the period	\$ 14,264	153,990	<u>\$ 0.09</u>
Impact of potentially dilutive ordinary shares:			
Employee remuneration	<u>-</u>	<u>8</u>	
Diluted earnings per share	<u>\$ 14,264</u>	<u>153,998</u>	<u>\$ 0.09</u>

The parent company 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.

(XXIX) 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, 2024 and 2023 approximate their fair value.

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

(1) Fair value hierarchy

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u> <u>measured at fair</u> <u>value through</u> <u>profit or loss</u>				
Funds	\$ 6,926	\$ -	\$ 19,844	\$ 26,770
Stocks listed on the TWSE/TPEX	14,216	-	-	14,216
<u>Financial assets</u> <u>measured at fair</u> <u>value through other</u> <u>comprehensive</u> <u>income</u>				
Domestic and foreign stocks not listed on stock exchanges	-	-	27,787	27,787

December 31, 2023

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

The Company had no transfers between Levels 1 and 2 for fair value measurements in 2024 and 2023.

(2) Reconciliation of financial instruments measured at fair value in Level 3
2024

Financial assets	Funds measured at fair value through profit or loss Fair value Funds	Recognized in other comprehensive income Investments in equity instruments measured at fair value through other comprehensive income
Balance, beginning of the year	\$ 8,384	\$ 17,684
Purchase	12,000	-
Recognized in profit or loss	(540)	-
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	-	10,103
Balance, end of the year	<u>\$ 19,844</u>	<u>\$ 27,787</u>

2023

Financial assets	Funds measured at fair value through profit or loss Fair value Funds	Recognized in other comprehensive income Investments in equity instruments measured at fair value through other comprehensive income
Balance, beginning of the year	\$ -	\$ 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 the year	<u>\$ 8,384</u>	<u>\$ 17,684</u>

(3) Methods for measuring the fair value of financial instruments

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

- A. 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.
- B. 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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss	\$ 40,986	\$ 38,527
Financial assets measured at amortized cost (Note 1)	1,409,231	1,693,985
Financial assets at fair value through other comprehensive income - non-current	27,787	17,684

Financial liabilities

Financial liabilities at amortized cost (Note 2)	2,711,313	3,654,358
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Note 1 : The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, contract assets-current, notes receivable, accounts receivable, certain other receivables, certain other current assets, certain refundable deposits, and other financial assets (current and non-current).

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.

A. 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.

Please refer to Note 36 for the carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities (including monetary items denominated in non-functional currencies that have been eliminated in the consolidated financial statements) as of the balance sheet date.

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 income after tax when the associated foreign currency appreciates by 1%. When each relevant foreign currency depreciates by 1%, the impact on net income after tax will be an equal negative amount.

	Effect of the US dollar		Effect of RMB	
	2024	2023	2024	2023
Gain or loss	\$ -	(\$ 37)	(\$ 51)	(\$ 42)

B. 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 income 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:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Financial liabilities with the cash flows		
- Short-term borrowings	<u>\$ 150,000</u>	<u>\$ 708,638</u>
- Long-term borrowings	<u>\$ 2,290,510</u>	<u>\$ 2,686,250</u>

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 2024 and 2023 will decrease/increase by NT\$10,310 thousand and NT\$10,399 thousand, respectively.

C. 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 2024 and 2023 will increase/decrease by NT\$410 thousand and NT\$385 thousand, respectively 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 2024 and 2023 will increase/decrease by NT\$278 thousand and NT\$177 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, 2024 and 2023, the ratio of accounts receivable from the aforementioned customers was 81% and 67%, 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:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unutilized short-term facilities and issuance of commercial papers	\$ 652,968	\$ 498,024
Unutilized long-term facilities	<u>1,251,695</u>	<u>1,112,008</u>
	<u>\$ 1,904,663</u>	<u>\$ 1,610,032</u>

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, 2024

	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
<u>Non-derivative financial liabilities</u>						
Short-term borrowings	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
Notes payable	14	-	-	-	-	14
Accounts payable	76,523	24,612	27,217	2,379	-	130,731
Other payables	76,181	29,831	44,264	-	-	150,276
Long-term borrowings	-	-	-	2,290,510	-	2,290,510
Lease liability	10,344	2,089	18,418	78,042	105,564	214,457
	<u>\$ 163,062</u>	<u>\$ 206,532</u>	<u>\$ 89,899</u>	<u>\$ 2,370,931</u>	<u>\$ 105,564</u>	<u>\$ 2,935,988</u>

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
<u>Non-derivative financial liabilities</u>						
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
Current portion of 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
	<u>\$ 550,061</u>	<u>\$ 215,853</u>	<u>\$ 273,837</u>	<u>\$2,694,732</u>	<u>\$ -</u>	<u>\$3,734,483</u>

(XXX) Transaction with non-controlling interests

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

Since the above transaction, which was not conducted in proportion to shareholding percentage, did not change the parent company's control over King Tung Resources, the parent company treated it as an equity transaction.

	<u>2023</u>
Cash consideration paid	\$ 20,000
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)
Difference in equity transaction	(\$ 2,060)
<u>Adjustment to difference in equity transaction</u>	
Undistributed earnings (or deficit to be offset)	(\$ 2,060)

(XXXI) Cash flow information

1. Non-cash transactions

Except as disclosed in other notes, the Company conducted the following non-cash transaction investing activities in 2024 and 2023:

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

	<u>2024</u>	<u>2023</u>
Increase in Property, Plant and Equipment	\$ 163,237	\$ 186,695
Decrease (increase) in other payables	<u>7,791</u>	(<u>8,140</u>)
Amount paid in cash for the purchase of Property, Plant and Equipment	<u>\$ 171,028</u>	<u>\$ 178,555</u>

2. Changes in the Company's liabilities from financing activities

2024

	Balance, beginning of the year	Cash inflows (outflows)	Changes in other non-cash items	Balance, end of the year
Short-term borrowings	\$ 708,638	(\$ 558,638)	\$ -	\$ 150,000
Long-term borrowings	2,678,750	(395,740)	1,826	2,284,836
Deposits received (Note)	42,379	48,331	-	90,710
Lease liability	<u>46,539</u>	(<u>24,932</u>)	<u>163,319</u>	<u>184,926</u>
	<u>\$ 3,476,306</u>	(<u>\$ 930,979</u>)	<u>\$ 165,145</u>	<u>\$ 2,710,472</u>

2023

	Balance, beginning of the year	Cash inflow (outflow)	Changes in other non-cash items	Balance, end of the 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	<u>13,920</u>	(<u>16,744</u>)	<u>49,363</u>	<u>46,539</u>
	<u>\$ 2,541,957</u>	<u>\$ 886,852</u>	<u>\$ 47,497</u>	<u>\$ 3,476,306</u>

Note 1 : Deposits received recorded as other current and non-current liabilities.

(XXXII) 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.

(XXXIII) Related Party Transactions

Transactions, account balances, revenue and expenses between the parent company and subsidiaries (which are related parties of the Company) are fully eliminated upon consolidation, and therefore are not disclosed in this 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

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Xin Di Investment Co., Ltd.	Entity that has significant influence on the Company
Fiber Logic Communications, Inc.	Affiliated Company (disposal on November 18, 2024)
Chien Tung Harbour Service Co., Ltd.	Associate
D.F. Technologies Inc.	Associate
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)
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

<u>Account in the book</u>	<u>Type of related party / Name</u>	<u>2024</u>	<u>2023</u>
Sales revenue	Associate		
	Others	\$ 94	\$ -
	Substantive related party		
	Others	<u>47</u>	<u>115</u>
		<u>141</u>	<u>115</u>
Telecommunications services revenue	Associate		
	Others	7,316	5,576
	Substantive related party		
	Others	<u>25</u>	<u>25</u>
		<u>7,341</u>	<u>5,601</u>
Other operating revenue	Associate		
	Others	<u>1,428</u>	<u>1,321</u>
		<u>\$ 8,910</u>	<u>\$ 7,037</u>

3. Operating costs

<u>Account in the book</u>	<u>Type of related party / Name</u>	<u>2024</u>	<u>2023</u>
Telecommunications services costs	Substantive related party		
	Others	\$ 1,816	\$ 1,815
	Associate		
	Others	<u>1,137</u>	<u>794</u>
		<u>\$ 2,953</u>	<u>\$ 2,609</u>

4. Purchase

<u>Type of related party / Name</u>	<u>2024</u>	<u>2023</u>
Associate		
Others	<u>\$ 85</u>	<u>\$ 93</u>

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.

5. Accounts receivable from related parties

<u>Account in the book</u>	<u>Type of related party / Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivable	Substantive related party		
	Others	<u>\$ 31</u>	<u>\$ -</u>
Accounts receivable	Associate		
	Others	\$ 720	\$ 675
	Substantive related party		
	Others	<u>2</u>	<u>16</u>
		<u>\$ 722</u>	<u>\$ 691</u>
Other receivables	Substantive related party		
	Others	<u>\$ 325</u>	<u>\$ -</u>

6. Payables to related parties

<u>Account in the book</u>	<u>Type of related party / Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other payables	Associate		
	Others	\$ 75	\$ 75
	Substantive related party		
	Others	<u>450</u>	<u>450</u>
		<u>\$ 525</u>	<u>\$ 525</u>

7. Contract liabilities

<u>Type of related party / Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Associate		
Others	<u>\$ 1,730</u>	<u>\$ 1,230</u>

8. Acquisition of property, Plant and Equipment

<u>Type of related party / Name</u>	<u>Acquisition price</u>	
	<u>2024</u>	<u>2023</u>
Substantive related party		
Others	\$ 2,060	\$ 4,932
Other related parties		
Ching Tong Investment Co., Ltd.	<u>73,006</u>	<u>-</u>
	<u>\$ 75,066</u>	<u>\$ 4,932</u>

For information regarding the real estate pre-purchase contract signed between the Company and its related party, Ching Tong Investment Co., Ltd., please refer to Note 14, Property, Plant and Equipment.

9. Lease agreement

(1) Rent expenses (recorded as operating expenses)

<u>Type of related party / Name</u>	<u>2024</u>	<u>2023</u>
Key management		
Others	<u>\$ 156</u>	<u>\$ 156</u>

(2) Interest expenses (recorded as finance costs)

<u>Type of related party / Name</u>	<u>2024</u>	<u>2023</u>
Other related parties		
Others	<u>\$ -</u>	<u>\$ 17</u>

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

<u>Type of related party / Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Key management		
Others	<u>\$ 30</u>	<u>\$ 30</u>

(2) Other revenue

<u>Type of related party / Name</u>	<u>2024</u>	<u>2023</u>
Associate		
Others	<u>\$ 1,914</u>	<u>\$ 680</u>

11. Remuneration for key management

	<u>2024</u>	<u>2023</u>
Short-term employee		
benefits	\$ 32,815	\$ 26,064
Post-employment benefits	638	592
Share-based payment	<u>-</u>	<u>141</u>
	<u>\$ 33,453</u>	<u>\$ 26,797</u>

12. The parent company 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 company 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 company, 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. The aforementioned cooperative housing construction project commenced construction operations on July 1, 2024.

(XXXIV) 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:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Reserve account demand deposit (recorded as other financial assets - Current)	\$ 2,480	\$ 26,970
Reserve account demand deposit (recorded as other financial assets - Non-Current)	1,036	4,029
Pledged CDs (recorded as other financial assets - Current)	13,259	-
Pledged CDs (recorded as other financial assets - Non-Current)	139,894	98,568
Real estate (recorded as property, plant and equipment, and investment property)	1,432,575	1,463,750
Operational communications equipment (recorded as property, plant and equipment)	396,478	459,267

(XXXV) 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\$14,313 thousand.
2. The amount of the equivalents guarantees provided by the bank was NT\$315,228 thousand.

3. The amount of the notes used for deposits received for contracting the construction was NT\$307,292 thousand.
4. The amount of notes payable issued to the lessor as prepayment for leasing plants or equipment was NT\$13,541 thousand (including related party transactions).
5. As of December 31, 2024, 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	Amount of goods that have not yet been invoiced / delivered
Customer A	\$ 1,103,848	\$ 549,793
Customer B	779,778	400,635
Customer C	396,005	250,912
Others (Note)	337,841	150,180

Note 1 : For those with an individual amount not reaching more than 5% of the total amount of the goods that have not been requested/delivered.

6. The parent company entered into engineering contracts with other companies for a total contract price of NT\$854,372 thousand. As of December 31, 2024, NT\$618,967 thousand has been paid (recorded as prepayment and construction costs), and the remaining unpaid amount is NT\$235,405 thousand.
7. Taifo, due to the needs of providing fiber-optic network services, signed procurement and engineering contracts with other companies with a total contract price of NT\$187,592 thousand. As of December 31, 2024, NT\$88,453 thousand has been paid (recorded under property, plant and equipment and intangible assets), with an outstanding payment amount of NT\$99,139 thousand.
8. The parent company 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 company 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 company 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).

9. 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.

As of December 31, 2024, Taifo has not violated any provisions of the agreement.

10. King Tung Resources entered into the "One Track Inspection Vehicle" and "Five Railway Engineering and Maintenance Vehicles" purchase contracts with Taiwan Railway on July 17, 2015 and December 13, 2017, respectively. Taiwan Railway 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. Taiwan Railway sent a letter in November 2022 notifying that a penalty fee of NT\$35,600 thousand should be paid for the delay of "1 track inspection vehicle." King Tung Resources has appointed attorneys to file a lawsuit to protect its interests. As of December 31, 2024, the first instance civil lawsuit is still in progress at the district court. The Company has recognized accumulated losses of NT\$324,296 thousand for the manufacturing costs, performance bonds, and late penalties related to "1 track inspection vehicle" and "4 railway maintenance vehicles."

11. The parent company 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, 2024, NT\$117,065 thousand has been paid (recorded as prepaid equipment expenses), and the remaining unpaid amount is NT\$466,767 thousand. In 2024, the parent company recognized a provision for contingent loss liability of NT\$20,433 thousand for potential late penalties and damage compensations arising from delays in fulfilling the aforementioned contracts (Note 21).

(XXXVI) 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, 2024

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB	\$ 1,416	4.462	\$ 6,318

December 31, 2023

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

For details about the Company's (realized and unrealized) foreign exchange gains or losses in 2024 and 2023, please refer to Note 26. Since there were many foreign currency transactions, it is not possible to disclose foreign exchange gains and losses by currencies that have significant influence.

(XXXVII) Additional Disclosure

1. Information on significant transactions and (2) investees:
 - (1) Lending funds to others: None.
 - (2) Providing endorsements or guarantees for others: Please refer to the attached Table 1.
 - (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 2.
 - (4) Aggregate purchases or sales of the same securities reaching NT\$300 million or 20 percent of paid-in capital or more: Please refer to the attached Table 3.
 - (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 percent of the paid-in capital or more: None.
 - (7) Purchase or sale of goods with related parties amounting to at least NT\$100 million or 20 percent of the paid-in capital or more: None.
 - (8) Receivables from related parties amounting to at least NT\$100 million or 20 percent of the paid-in capital or more: None.
 - (9) Information on investee companies: Please refer to the attached Table 5.
 - (10) Trading in derivative instruments: None.
 - (11) Business relationships and significant transaction details and amounts between the parent company and subsidiaries, and among subsidiaries: Please refer to the attached Table 6.
3. Information on investments 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 attached Table 7.
 - (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:
 - A. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Not applicable.
 - B. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Not applicable.
 - C. The amount of property transactions and the amount of the resultant gains or losses: None.
 - D. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

- E. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds:
None.
 - F. 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: Name, number and percentage of shares held by shareholders with 5% or more of the shares: Please refer to the attached Table 8.

(XXXVIII) Segment Information

The Company's main business is the production and sale of various communication equipment and wire products. The chief operating decision maker uses the Company's overall operating results and financial position as information for resource allocation and performance evaluation. The products produced by the Company utilize similar production processes, and the Company does not have individually separate financial information. Therefore, the Company does not have reportable segment information.

(XXXIX) Other Information

Taifo, a subsidiary, received a letter from the Taipei City Police Department (hereinafter referred to as the "City Police Department") on April 8, 2024, claiming termination of the contract in accordance with Article 15, Paragraph 1, Clause 9 of the "Surveillance System Dedicated Network Communication Service Agreement" (hereinafter referred to as the "Agreement"). The letter required Taifo to handle related matters with the due care of a prudent administrator and not to interrupt the operation of this case until the City Police Department completes the terminated Agreement by itself or through other contractors. The Police Department claims that starting from April 9, 2024, they will calculate and pay Taifo for TGSN FTTH VPN (enterprise) circuit fees and related services according to the general administrative network rate.

However, Taifo believes that based on the presumption of innocence principle in Article 154, Paragraph 1 of the Code of Criminal Procedure, the Police Department's claim to terminate the contract is clearly unreasonable and should not have termination effect. Both parties should continue to perform their obligations under the contract. The circuits provided in this case are specially established dedicated networks for the Taipei City Police Department's video surveillance system. Their purpose, nature, usage benefits, and security levels are significantly different from general administrative networks. Additionally, the Taipei City Government has already approved special rates for this project on March 8, 2024. Taifo has continued to provide related services in accordance with the agreement, calculating and billing at the special project rate.

As of December 31, 2024, the difference in service fees claimed between Taifo and the City Police Department amounts to NT\$46,936 thousand. Taifo has continuously sent official letters requesting the City Police Department to promptly correct the circuit fee rate calculation and make payments according to the contract. To claim payment for contracted services, Taifo filed a civil complaint on February 3, 2025, requesting payment of the difference amount plus interest.

Tai Tung Communication Co., Ltd. and subsidiaries
Providing endorsements or guarantees for others
2024

Table 1 Unit: In NT\$ thousand unless otherwise specified

No.	Name of the company providing endorsements and guarantees	Endorsement/ guarantee counterpart		Limit of endorsement guarantee for a single enterprise	Maximum balance of endorsement guarantees for the year	The balance of endorsements and guarantees at the end of the year	Actual amount drawn	Amount of endorsement guarantees secured by property	Ratio of accumulated endorsement guarantee amount to net worth in the most recent financial statements	Maximum limit of endorsement guarantees	Endorsement guarantees by the company to subsidiaries	Endorsement guarantees by subsidiaries to the Company	Endorsement guarantees to entities in Mainland China	Remarks
		Company name	Relationship											
0	Tai Tung Communication	Taifo	Subsidiary	\$ 13,107,876	\$ 2,580,000	\$ 2,380,000	\$ 1,440,196	\$ -	72.63%	\$ 13,107,876	Y	N	N	Note

Note 1 : The total amount of endorsement and guarantee by the parent company for a single enterprise, as well as the total endorsement and guarantee, must not exceed 400% of the net value of the parent company's most recent financial statement: TWD 3,276,969 thousand x 400% = TWD 13,107,876 thousand as of December 31, 2024.

Tai Tung Communication Co., Ltd. and subsidiaries
Marketable securities held at the end of the period
December 31, 2024

Table 2

Unit: In NT\$ thousand unless otherwise specified

Companies held	Securities and names	Relationship with the securities issuer	Account in the book	Year's end				Remarks
				Thousand units/thousand shares	Carrying amount	Shareholding ratio %	Fair value	
Tai Tung Communication	<u>Stock</u>							
	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	27,787	6.50%	27,787	—
	Chien Shing Harbour Service Co., Ltd.	None	Financial assets measured at fair value through profit or loss - current	307	14,216	0.35%	14,216	Note 1
	<u>Funds</u>							
	Chang Neng Capital Limited Partnership	None	Financial assets measured at fair value through profit or loss - Non-Current	-	19,844	4.86%	19,844	—
Taifo	Mega ESG Taiwan-U.S. Sustainable Dual Income Multi-Asset Fund	None	Financial assets measured at fair value through profit or loss - current	300 thousand units	2,946	-	2,946	Note 1
	<u>Funds</u>							
	Taishin U.S.-Japan-Taiwan Semiconductor Fund	None	Financial assets measured at fair value through profit or loss - current	400 thousand units	3,980	-	3,980	Note 1

Note 1 : Fair value is calculated based on the closing price or fund net asset value as of the end of December 2024.

Note 2 : For information related to investments in subsidiaries and affiliated companies, please refer to Tables 5 and 7.

Tai Tung Communication Co., Ltd. and subsidiaries

Aggregate purchases or sales of the same securities reaching NT\$300 million or 20% of paid-in capital or more

2024

Table 3Unit: In NT\$ thousand unless otherwise specified

Companies purchased and sold	Type and name of securities (Note 1)	Account in the book	Counterparty	Relationship	Beginning of the period		Purchase		Sell				End of the period	
					Shares (thousands of shares)	Amount	Shares (thousands of shares)	Amount	Shares (thousands of shares)	Selling price	Book cost	Disposal income and loss	Shares (thousands of shares)	Amount
Tai Tung Communication	Fiber Logic	Investments accounted for using the equity method	Alpha Networks Inc.	None	6,265	\$ 134,824	-	\$ -	6,265	\$ 448,488 (Note 2)	\$ 158,095 (Note 3)	\$ 290,393	-	\$ -

Note 1 : Securities referred to in this table include stocks, bonds, beneficiary certificates, and securities derived from the aforementioned items.

Note 2 : This represents the net amount of NT\$449,837 thousand in disposal proceeds after deducting NT\$1,349 thousand in securities transaction tax.

Note 3 : This includes the carrying amount of NT\$158,331 thousand at the time of sale and a reduction of NT\$236 thousand in capital surplus, resulting in the net amount.

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
2024

Table 4 Unit: In NT\$ thousand unless otherwise specified

Company that acquires real estate	Name of property	Date of occurrence	Transaction amount	Payment status	Counterparty	Relationship	Previous Transfer Information if 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	May 10, 2023	\$ 583,832	NT\$117,065 thousand had been paid as of December 31, 2024	Chien Kuo Construction 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
Taifo	Real Estate Presale Purchase Agreement	October 18, 2024	371,296	NT\$73,006 thousand had been paid as of December 31, 2024	Ching Tong Investment Co., Ltd.	Other related parties	Co-Wealth Enterprise Co., Ltd.	None	February 2011	\$506,449	With reference to the market price and was negotiated by both parties	Telecommunication equipment room deployment	The buyer may not assign or resell this contract to a third party.
							Qiong Lian	Affiliated company	April 2011	8,145			

Tai Tung Communication Co., Ltd. and subsidiaries
Information about name and location of investees
2024

Table 5Unit: In NT\$ thousand 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)	Ratio	Carrying amount			
Tai Tung Communication	Qiong Lian	Taiwan	Sale of communication equipment and wire rods	\$ 33,050	\$ 33,050	2,000	100	\$ 23,626	(\$ 46)	(\$ 46)	Note 2
	AgrandTech	Samoa	International investment business	168,153	168,153	4,978	100	74,040	7,857 thousand RMB	34,970	Note 2
	Taifo	Taiwan	Telecommunications business	2,412,952	2,725,235	124,913	68.22	1,268,995	107,189	77,139	Note 1
	King Tung Resources	Taiwan	International trade	305,000	305,000	30,500	89.71	(21,217)	(4,597)	(4,125)	Note 1
	SING TUNG	Singapore	Telecommunication network related equipment and telecommunication construction	14,946	14,946	631	97	14,504	SGD 237 thousand	(5,543)	Note 2
	Datong Construction	Taiwan	Construction industry	5,100	5,100	510	51	3,225	105	179	Note 2
	Fiber Logic	Taiwan	Engaged in the production of communication equipment and wire rods	-	54,591	-	-	-	-	23,507	—
AgrandTech	Chien Tung	Taiwan	Warehousing industry	168,200	168,200	16,820	24.03	194,503	134,288	32,268	Note 1
	Tonghua Optoelectronics	Mainland China	Engaged in the production of communication equipment and wire rods	5,675 thousand USD	5,675 thousand USD	-	97	RMB 16,685 thousand	8,100 thousand RMB	7,857 thousand RMB	Note 2
Taifo	D.F. Technologies	Taiwan	Telecommunications business	35,000	35,000	1,500	14.15	38,685	36,378	3,092	Note 2

Note 1 : The calculation is made based on the invested company's 2024 financial statements that have been audited by CPAs.

Note 2 : The calculation is made based on the invested company's 2024 financial statements that have not been audited by CPAs.

Note 3 : These have been fully eliminated when preparing the consolidated financial statements.

Tai Tung Communication Co., Ltd. and subsidiaries
Business relationship and important transactions between the parent company and subsidiaries
2024

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	Ratio to consolidated total revenue or total assets
0	Tai Tung Communication	Sing Tung	1	Sales revenue	\$ 29,238	Note 4	1.18%
0	Tai Tung Communication	Sing Tung	1	Cost of goods sold	24,620	Note 4	0.99%
1	Sing Tung	Tai Tung Communication	2	Inventory	4,618	Note 4	0.06%
0	Tai Tung Communication	Sing Tung	1	Accounts receivable - related parties	10,893	Note 4	0.15%
1	Sing Tung	Tai Tung Communication	2	Accounts payable - related parties	10,893	Note 4	0.15%
0	Tai Tung Communication	Sing Tung	1	Refundable deposits	9,652	Note 4	0.13%
1	Sing Tung	Tai Tung Communication	2	Deposits received	9,652	Note 4	0.13%
0	Tai Tung Communication	Taifo	1	Accounts receivable - related parties	31,210	Note 4	0.43%
2	Taifo	Tai Tung Communication	2	Accounts payable - related parties	31,210	Note 4	0.43%
0	Tai Tung Communication	Taifo	1	Sales revenue	14,174	Note 4	0.57%
0	Tai Tung Communication	Taifo	1	Cost of goods sold	21,985	Note 4	0.88%
2	Taifo	Tai Tung Communication	2	Inventory	(8,494)	Note 4	-0.12%
2	Taifo	Tai Tung Communication	2	Prepayments - current	80	Note 4	0.00%
2	Taifo	Tai Tung Communication	2	Property, Plant and Equipment	603	Note 4	0.01%
0	Tai Tung Communication	Taifo	1	Construction revenue	10,936	Note 4	0.44%
2	Taifo	Tai Tung Communication	2	Construction costs	10,936	Note 4	0.44%
0	Tai Tung Communication	Taifo	1	Other revenue	7,488	Note 4	0.30%
2	Taifo	Tai Tung Communication	2	Depreciation expenses	7,292	Note 4	0.29%
2	Taifo	Tai Tung Communication	2	Interest expenses	103	Note 4	0.00%
0	Tai Tung Communication	Taifo	1	Sales revenue	10,635	Note 4	0.43%
0	Tai Tung Communication	Taifo	1	Cost of goods sold	8,090	Note 4	0.33%
0	Tai Tung Communication	Taifo	1	Construction revenue	630	Note 4	0.03%
0	Tai Tung Communication	Taifo	1	Construction costs	476	Note 4	0.02%
0	Tai Tung Communication	Taifo	1	Contract liabilities - current	2,675	Note 4	0.04%
2	Taifo	Tai Tung Communication	2	Inventory	1,439	Note 4	0.02%
2	Taifo	Tai Tung Communication	2	Prepayments for equipment	2,658	Note 4	0.04%
2	Taifo	Tai Tung Communication	2	Property, Plant and Equipment	1,277	Note 4	0.02%
0	Tai Tung Communication	Taifo	1	Sales revenue	63,369	Note 4	2.55%
2	Taifo	Tai Tung Communication	2	Telecommunications services costs	63,369	Note 4	2.55%
0	Tai Tung Communication	Taifo	1	Other revenue	12,450	Note 4	0.50%
2	Taifo	Tai Tung Communication	2	Operating expenses	12,450	Note 4	0.50%

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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	Ratio to consolidated total revenue or total assets
0	Tai Tung Communication	Taifo	1	Construction costs	\$ 5,099	Note 4	0.21%
2	Taifo	Tai Tung Communication	2	Other operating revenue	5,099	Note 4	0.21%
0	Tai Tung Communication	Taifo	1	Construction costs	1,531	Note 4	0.06%
0	Tai Tung Communication	Taifo	1	Prepayments	10,667	Note 4	0.15%
2	Taifo	Tai Tung Communication	2	Construction revenue	1,531	Note 4	0.06%
2	Taifo	Tai Tung Communication	2	Contract liabilities - current	10,667	Note 4	0.15%

Note 1 : Information on business transactions between parent company and subsidiaries should be noted in the serial number column, with the numbering method as follows:

1. 0 for the parent company.
2. Arabic numbers starting from 1 in sequence for subsidiaries by company.

Note 2 : There are three types of relationships with transaction counterparties, just mark the type:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3 : The calculation of transaction amount's ratio to consolidated total revenue or total assets: For balance sheet items, calculate using ending balance as a percentage of consolidated total assets; for income statement items, calculate using cumulative amount during the period as a percentage of consolidated total revenue.

Note 4 : Same as general transactions.

Note 5 : Refers to transactions of NT\$5 million or above.

Tai Tung Communication Co., Ltd. and subsidiaries
Information on investments in the Mainland Area
2024

Table 7Unit: In NT\$ thousand unless otherwise specified

Investees in mainland China Name	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	Investee Profit or loss for 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	Inflow						
Tonghua Optoelectronics	Engaged in the production of communication equipment and wire rods	\$ 6,000 thousand USD	Note 1	\$ 5,675 thousand USD	\$ -	\$ -	\$ 5,675 thousand USD	\$ 8,100 thousand RMB	97%	\$7,857 thousand RMB	\$16,685 thousand RMB	\$ -

Accumulated investment amount remitted from Taiwan to the Mainland China 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
\$ 7,077 thousand USD (Note 2)	\$ 7,077 thousand USD (Note 2)	\$ 2,354,644 thousand NTD (Note 3)

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

Note 2 : Including \$ 1,402 thousand USD 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, 2024

Table 8

Names of major shareholders	Shares	
	Shareholding	Shareholding ratio
Xin Di Investment Co., Ltd.	21,186,166	12.76%
Lee Ching-Hung	9,389,116	5.65%

Note 1 : 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.