CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

MARCH 31, 2024 AND 2023

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CastleNet Technology Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of CastleNet Technology Inc. and subsidiaries (the "Group") as at March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan

May 10, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	March 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%	March 31, 2023 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 98,191	4	$ 338,008	12	$ 130,608	5
1110	Current financial assets at fair value through profit or loss	6(2)	1,582,617	57	1,550,470	55	-	-
1170	Accounts receivable, net	6(3)	124,811	4	99,659	4	390,266	14
1200	Other receivables	7	31,150	1	9,213	-	16,254	1
130X	Inventory	6(4)	796,110	29	708,723	25	553,056	20
1479	Other current assets	8	71,019	3	63,591	2	51,984	2
11XX	**Total current assets**		2,703,898	98	2,769,664	98	1,142,168	42
	Non-current assets							
1510	Non-current financial assets at fair value through profit or loss	6(2)	-	-	-	-	1,504,852	56
1600	Property, plant and equipment	6(5)	16,066	1	16,189	1	20,799	1
1755	Right-of-use assets	6(6)	7,592	-	9,460	-	4,329	-
1780	Intangible assets		454	-	903	-	1,882	-
1840	Deferred income tax assets		28,434	1	22,005	1	12,882	1
1920	Guarantee deposits paid		1,321	-	1,479	-	818	-
1990	Other non-current assets		10,703	-	10,703	-	12,284	-
15XX	**Total non-current assets**		64,570	2	60,739	2	1,557,846	58
1XXX	**Total assets**		$ 2,768,468	100	$ 2,830,403	100	$ 2,700,014	100

(Continued)

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	March 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%	March 31, 2023 AMOUNT	%
	Liabilities							
	Current liabilities							
2100	Short-term borrowings	6(7)	$ 659,023	24	$ 430,000	15	$ 305,000	11
2110	Short-term notes and bills payable	6(8)	-	-	100,000	4	-	-
2130	Current contract liabilities	6(15)	4,191	-	4,191	-	11,289	1
2170	Accounts payable		36,074	1	96,056	3	99,579	4
2180	Accounts payable - related parties	7	52,101	2	44,087	2	303,915	11
2200	Other payables	6(9)	45,471	2	62,622	2	31,005	1
2220	Other payables - related parties	7	2,474	-	142,778	5	5,356	-
2280	Current lease liabilities		6,184	-	7,472	-	2,680	-
2399	Other current liabilities		8,773	1	4,079	-	670	-
21XX	**Total current liabilities**		814,291	30	891,285	31	759,494	28
	Non-current liabilities							
2570	Deferred income tax liabilities		28,434	1	22,005	1	12,882	1
2580	Non-current lease liabilities		1,498	-	2,120	-	1,860	-
2600	Other non-current liabilities		1,147	-	2,271	-	4,331	-
25XX	**Total non-current liabilities**		31,079	1	26,396	1	19,073	1
2XXX	**Total liabilities**		845,370	31	917,681	32	778,567	29
	Equity							
	Equity attributable to owners of parent							
	Share capital	6(12)						
3110	Common stock		1,925,468	69	1,908,905	68	1,886,180	70
3140	Advance receipts for share capital		837	-	7,445	-	-	-
	Capital surplus	6(13)						
3200	Capital surplus		148,010	6	145,763	5	137,378	5
	Retained earnings	6(14)						
3310	Legal reserve		18,969	1	18,969	1	18,969	1
3350	Accumulated deficit		(127,418)	(5)	(123,980)	(4)	(77,346)	(3)
	Other equity interest							
3400	Other equity interest		(42,768)	(2)	(44,380)	(2)	(43,734)	(2)
31XX	**Equity attributable to owners of the parent**		1,923,098	69	1,912,722	68	1,921,447	71
3XXX	**Total equity**		1,923,098	69	1,912,722	68	1,921,447	71
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	**Total liabilities and equity**		$ 2,768,468	100	$ 2,830,403	100	$ 2,700,014	100

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

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amount)

			Three months ended March 31			
			2024		2023	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(15)	$ 59,865	100	$ 299,094	100
5000	Operating costs	6(4) and 7	(53,951)	(90)	(235,825)	(79)
5950	Operating margin		5,914	10	63,269	21
	Operating expenses	6(17) and 7				
6100	Selling expenses		(4,150)	(7)	(5,846)	(2)
6200	General and administrative expenses		(12,114)	(21)	(14,979)	(5)
6300	Research and development expenses		(24,606)	(41)	(28,633)	(9)
6000	Total operating expenses		(40,870)	(69)	(49,458)	(16)
6900	Operating (loss) profit		(34,956)	(59)	13,811	5
	Non-operating income and expenses					
7100	Interest income		1,073	2	1,454	-
7010	Other income		161	-	50	-
7020	Other gains and losses	6(16)	33,676	56	38,412	13
7050	Finance costs	6(6)(7)(8)	(3,392)	(5)	(1,408)	-
7000	Total non-operating income and expenses		31,518	53	38,508	13
7900	**(Loss) profit before income tax**		(3,438)	(6)	52,319	18
7950	Income tax expense	6(19)	-	-	-	-
8200	**(Loss) profit for the period**		($ 3,438)	(6)	$ 52,319	18
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		$ 1,612	3	$ 111	-
8300	**Other comprehensive income for the period, net of tax**		$ 1,612	3	$ 111	-
8500	**Total comprehensive (loss) income for the period**		($ 1,826)	(3)	$ 52,430	18
	(Loss) profit, attributable to:					
8610	Owners of the parent		($ 3,438)	(6)	$ 52,319	18
	Comprehensive (loss) income attributable to:					
8710	Owners of the parent		($ 1,826)	(3)	$ 52,430	18
	(Loss) earnings per share	6(20)				
9750	Basic (loss) earnings per share		($ 0.02)		$ 0.28	
9850	Diluted (loss) earnings per share		($ 0.02)		$ 0.28	

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

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent						
		Capital			Retained Earnings		Other Equity Interest	
	Notes	Share capital - common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Accumulated deficit	Financial statements translation differences of foreign operations	Total equity
2023								
Balance at January 1, 2023		$ 1,886,180	$ -	$ 136,511	$ 18,969	($ 129,665)	($ 43,845)	$ 1,868,150
Profit for the period		-	-	-	-	52,319	-	52,319
Other comprehensive income for the period		-	-	-	-	-	111	111
Total comprehensive income		-	-	-	-	52,319	111	52,430
Share-based payments	6(11)(13)	-	-	867	-	-	-	867
Balance at March 31, 2023		$ 1,886,180	$ -	$ 137,378	$ 18,969	($ 77,346)	($ 43,734)	$ 1,921,447
2024								
Balance at January 1, 2024		$ 1,908,905	$ 7,445	$ 145,763	$ 18,969	($ 123,980)	($ 44,380)	$ 1,912,722
Loss for the period		-	-	-	-	(3,438)	-	(3,438)
Other comprehensive income for the period		-	-	-	-	-	1,612	1,612
Total comprehensive income (loss)		-	-	-	-	(3,438)	1,612	(1,826)
Share-based payments	6(11)(13)	-	-	200	-	-	-	200
Exercise of employee share options	6(12)(13)	16,563	(6,608)	2,048	-	-	-	12,003
Overdue dividends reclaimed by shareholders	6(13)	-	-	(1)	-	-	-	(1)
Balance at March 31, 2024		$ 1,925,468	$ 837	$ 148,010	$ 18,969	($ 127,418)	($ 42,768)	$ 1,923,098

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

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31 2024	Three months ended March 31 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 3,438)	$ 52,319
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(17)	3,571	3,711
Amortization	6(17)	449	425
Loss on expected credit impairment	12(2)	7	121
Employee share options	6(11)	200	867
Interest income		(1,073)	(1,454)
Interest expense		3,392	1,408
Gain on financial assets at fair value	6(16)	(32,147)	(36,674)
Cost of provisions		3,967	1,342
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(25,159)	(121,101)
Other receivables		(21,681)	(3,137)
Inventory		(87,387)	2,177
Other current assets		(7,428)	(11,537)
Other non-current assets		-	130
Changes in operating liabilities			
Accounts payable		(59,982)	(41,315)
Accounts payable - related parties		8,014	(99,561)
Other payables		(15,283)	(17,012)
Other payables - related parties		(140,304)	(2,924)
Other current liabilities		(397)	(353)
Cash outflow generated from operations		(374,679)	(272,568)
Interest paid		(3,307)	(1,337)
Income taxes paid		(91)	(85)
Net cash flows used in operating activities		(378,077)	(273,990)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in receivables from raw materials purchases on behalf of others		-	101,168
Acquisition of property, plant and equipment	6(21)	(3,533)	(4,466)
Decrease in guarantee deposits paid		158	-
Interest received		908	817
Net cash flows (used in) from investing activities		(2,467)	97,519

(Continued)

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31 2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		$ 664,023	$ 261,000
Repayments of short-term borrowings		(435,000)	(211,000)
Repayments of short-term notes and bills payable		(100,000)	-
Repayment of lease liabilities		(1,910)	(786)
Overdue dividends reclaimed by shareholders	6(13)	(1)	-
Exercise of employee share options	6(12)	12,003	-
Net cash flows from financing activities		139,115	49,214
Effect of exchange rate changes		1,612	111
Net decrease in cash and cash equivalents		(239,817)	(127,146)
Cash and cash equivalents at beginning of period	6(1)	338,008	257,754
Cash and cash equivalents at end of period	6(1)	$ 98,191	$ 130,608

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

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

CastleNet Technology Inc. (the "Company") was incorporated as a company limited by shares on June 26, 1998 and obtained its Business Registration Certificate on August 26, 1998. In addition, the Company's stocks were listed on the Taipei Exchange in March 2010. The Company is primarily engaged in manufacturing and selling of consumer electronics products such as broadband communications and digital home entertainment.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on May 10, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	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
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets (including derivative instruments) at fair value through profit or loss.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements is consistent with the basis as of and for the year ended December 31, 2023.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) March 31, 2024	Ownership (%) December 31, 2023	Ownership (%) March 31, 2023	Description
CastleNet Technology Inc.	CastleNet Technology (BVI) Inc.	Investment holdings	100	100	100	
CastleNet Technology (BVI) Inc.	CastleNet Technology Inc.-Kunshan	Manufacture and design of broadband communication products such as modem	100	100	100	

The financial statements of the abovementioned subsidiaries, which were included in the consolidated financial statements of the Company, as of and for the three-month periods ended March 31, 2024 and 2023 were all reviewed by independent auditors.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Restrictions on fund remittance from subsidiaries to the parent company: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

A. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

B. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognized in profit or loss.

5. Critical Accounting Judgments, Estimates and Key Sources of Assumption Uncertainty

There was no significant change in the reporting period. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and revolving funds	$ 188	$ 213	$ 253
Checking accounts and demand deposits	61,643	267,809	94,769
Time deposits	36,360	34,986	35,586
Repo bonds	-	35,000	-
	$ 98,191	$ 338,008	$ 130,608

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group’s demand deposits pledged to others as collateral had been transferred to “other current asset”. Refer to Note 8 for details.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Convertible bonds	$ 1,334,996	$ 1,334,996	$ -
Valuation adjustment	247,621	215,474	-
	1,582,617	1,550,470	-
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Convertible bonds	-	-	1,361,091
Valuation adjustment	-	-	143,761
	-	-	1,504,852
	$ 1,582,617	$ 1,550,470	$ 1,504,852

A. The Group has no financial assets at fair value through profit or loss pledged to others.

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	March 31, 2024		
Financial instruments	Contract amount (notional principal)		Contract period
Current items:			
Convertible bonds	KRW	54,990,000	2019.12.27~2024.12.26

	December 31, 2023		
Financial instruments	Contract amount (notional principal)		Contract period
Current items:			
Convertible bonds	KRW	54,990,000	2019.12.27~2024.12.26

	March 31, 2023		
Financial instruments	Contract amount (notional principal)		Contract period
Non-current items:			
Convertible bonds	KRW	54,990,000	2019.12.27~2024.12.26

C. On December 27, 2019, the Group acquired convertible bonds issued by SPI for KRW 54,990,000 thousand. In accordance with the contract, both parties may, in the event of any serious occurrence, decide whether to re-negotiate the coupon rate and other contract terms and conditions on a semi-annual basis, and interest will be charged annually at the agreed coupon rate. In addition, the Group has the right to convert the bonds into ordinary shares of SPI at KRW 1,000 per share upon maturity.

D. The interest received during the years ended December 31, 2023 and 2022 at the agreed coupon rate was $26,095 and $26,297, respectively.

E. The movements of the Company's financial assets measured at fair value through profit or loss are provided in Note 12(3).

(3) Notes and accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable	$ 124,905	$ 99,746	$ 390,657
Less: Allowance for uncollectible accounts	(94)	(87)	(391)
	$ 124,811	$ 99,659	$ 390,266

A. The aging analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
	Accounts receivable	Accounts receivable	Accounts receivable
Not past due	$ 100,860	$ 78,230	$ 390,657
Up to 90 days	24,045	21,516	-
	$ 124,905	$ 99,746	$ 390,657

B. Accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2023, the balances of receivables (including notes receivable) from contracts with customers amounted to $269,556.

C. The Group has no notes and accounts receivable pledged to others.

D. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	March 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 812,435	($ 38,583)	$ 773,852
Work in progress	722	(722)	-
Finished goods	23,736	(1,478)	22,258
	$ 836,893	($ 40,783)	$ 796,110

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 717,300	($ 38,110)	$ 679,190
Work in progress	722	(722)	-
Finished goods	30,993	(1,460)	29,533
	$ 749,015	($ 40,292)	$ 708,723

	March 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 485,266	($ 4,960)	$ 480,306
Work in progress	722	(722)	-
Finished goods	78,443	(5,693)	72,750
	$ 564,431	($ 11,375)	$ 553,056

The cost of inventories recognised as expense for the three-month periods ended March 31, 2024 and 2023 are as follows:

	Three-month periods ended March 31,	
	2024	2023
Cost of goods sold	$ 53,460	$ 235,765
Valuation loss	491	60
	$ 53,951	$ 235,825

(5) Property, plant and equipment

	Test equipment	Molding equipment	Implements equipment	Other equipment	Total
At January 1, 2024					
Cost	$ 36,606	$ 827	$ 6,708	$ 6,251	$ 50,392
Accumulated depreciation and impairment	(26,433)	(707)	(3,411)	(3,652)	(34,203)
	$ 10,173	$ 120	$ 3,297	$ 2,599	$ 16,189
2024					
Opening net book amount as at January 1	$ 10,173	$ 120	$ 3,297	$ 2,599	$ 16,189
Additions	(409)	1,989	-	-	1,580
Depreciation charge	(631)	(269)	(401)	(402)	(1,703)
Closing net book amount as at March 31	$ 9,133	$ 1,840	$ 2,896	$ 2,197	$ 16,066
At March 31, 2024					
Cost	$ 36,197	$ 2,406	$ 6,708	$ 6,251	$ 51,562
Accumulated depreciation and impairment	(27,064)	(566)	(3,812)	(4,054)	(35,496)
	$ 9,133	$ 1,840	$ 2,896	$ 2,197	$ 16,066

	Test equipment	Molding equipment	Implements equipment	Other equipment	Total
At January 1, 2023					
Cost	$ 24,798	$ 11,459	$ 6,707	$ 6,047	$ 49,011
Accumulated depreciation and impairment	(12,179)	(8,490)	(1,808)	(2,768)	(25,245)
	$ 12,619	$ 2,969	$ 4,899	$ 3,279	$ 23,766
2023					
Opening net book amount as at January 1	$ 12,619	$ 2,969	$ 4,899	3,279	$ 23,766
Depreciation charge	(912)	(1,353)	(400)	(302)	(2,967)
Closing net book amount as at March 31	$ 11,707	$ 1,616	$ 4,499	$ 2,977	$ 20,799
At March 31, 2023					
Cost	$ 24,798	$ 9,759	$ 6,707	$ 6,047	$ 47,311
Accumulated depreciation and impairment	(13,091)	(8,143)	(2,208)	(3,070)	(26,512)
	$ 11,707	$ 1,616	$ 4,499	$ 2,977	$ 20,799

A. The Group has no property, plant and equipment pledged to others as collateral for borrowings.

B. In second half of 2022, the Group experienced a laboratory fire accident that led to the destruction of certain property, plant and equipment. In 2023, insurance compensation was received for the damaged property, plant and equipment. The replacements were assessed based on their recoverable amount, resulting in the recognition of an impairment loss of $12,904 for replacement assets related to equipment.

(6) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings, office and warehouse. Rental contracts are typically made for periods of 2-5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise part of office. Low-value assets comprise parking space and other office equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
	Carrying amount	Carrying amount	Carrying amount
Buildings, office and warehouse	$ 4,375	$ 5,735	$ 4,329
Test equipment	3,217	3,725	-
	$ 7,592	$ 9,460	$ 4,329

	Three-month periods ended March 31,	
	2024	2023
	Depreciation charge	Depreciation charge
Buildings, office and warehouse	$ 1,360	$ 744
Test equipment	508	-
	$ 1,868	$ 744

D. For the three-month periods ended March 31, 2024 and 2023, there were no additions to right-of use assets.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Three-month periods ended March 31,	
	2024	2023
Items affecting profit or loss		
Interest expense on lease liabilities	$ 43	$ 25
Expense on short-term lease contracts	1,265	726
Expense on leases of low-value assets	18	9

F. For the three-month periods ended March 31, 2024 and 2023, the Group’s total cash outflow for leases were $3,236 and $1,546, respectively.

(7) Short-term borrowings

Type of borrowings	March 31, 2024	Borrowing period	Interest rate	Collateral
Bank unsecured borrowings	$ 659,023	2023/10/20~2025/2/6	2.10%~2.75%	None

Type of borrowings	December 31, 2023	Borrowing period	Interest rate	Collateral
Bank unsecured borrowings	$ 430,000	2023/1/13~2024/12/26	2.10%~2.68%	None

Type of borrowings	March 31, 2023	Borrowing period	Interest rate	Collateral
Bank unsecured borrowings	$ 305,000	2022/10/10~2024/2/9	1.99%~2.55%	None

Interest expense recognised in profit or loss amounted to $2,704 and $1,383 for the three-month periods ended March 31, 2024 and 2023, respectively.

(8) Short-term notes and bills payable

Type of borrowings	December 31, 2023	Borrowing period	Interest rate	Collateral
Commercial paper	$ 100,000	2023/10/13~2024/3/5	2.22%	None

A. As of March 31, 2024 and 2023, the Group had no short-term notes and bills payable.

B. Interest expense recognised in profit or loss amounted to $640 and $0 for the three-month periods ended March 31, 2024 and 2023, respectively.

(9) Other accounts payable

	March 31, 2024	December 31, 2023	March 31, 2023
Wages and bonuses payable	$ 15,503	$ 32,009	$ 8,712
Payable on service fees	5,984	4,730	5,530
Payable on annual due fees	4,199	-	183
Payable on spare parts	3,840	3,768	3,131
Unused compensated absences payable	2,403	2,378	2,061
Payable on machinery and equipment	1,989	3,942	-
Payable on certification fees	779	3,988	510
Payable on commissions	199	191	2,623
Others	10,575	11,616	8,255
	$ 45,471	$ 62,622	$ 31,005

(10) Pensions

A. Defined benefit plans

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) For the aforementioned pension plan, no pension cost was recognised by the Group for the three-month periods ended March 31, 2024 and 2023.

(c) The Group has no expected contributions to the defined benefit pension plan for the year ending December 31, 2024.

B. Defined contribution plans

(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) For the aforementioned pension plan, the Group recognised pension costs of $1,250 and $1,168 for the three-month periods ended March 31, 2024 and 2023, respectively.

(11) Share-based payment

A. For the three-month periods ended March 31, 2024 and 2023, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2019.8.30	8508	7 years	Note
Employee stock options	2020.12.25	1663	7 years	Note
Employee stock options	2021.11.24	1337	7 years	Note

Note: Employee stock options are 50% vested after 2 years of service, 75% vested after 3 years of service and 100% vested after 4 years of service.

B. Details of the share-based payment arrangements are as follows:

	2024		2023	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	4,455	$ 12.10	8,615	$ 12.13
Options exercised	(996)	12.13	-	-
Options forfeited	(70)	-	(536)	-
Options outstanding at March 31	3,389	$ 12.09	8,079	$ 12.13
Options exercisable at March 31	2,658	$ 12.37	4,801	$ 12.44

C. The expiry date and exercise price of stock options outstanding at the balance sheet date are as follows:

		March 31, 2024		December 31, 2023		December 31, 2022	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2019.8.30	2026.8.29	2,177	$ 12.60	2,918	$ 12.60	5,508	$ 12.60
2020.12.25	2027.12.24	697	11.45	847	11.45	1,339	11.45
2021.11.24	2028.11.23	515	10.80	690	10.80	1,232	10.80

D. The fair value of stock options granted on August 30, 2019, December 25, 2020 and November 24, 2021 are measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life (Year)	Expected dividends (%)	Risk-free interest rate (%)	Fair value per unit (in dollars)
Employee stock options	2019.8.30	$13.60	$12.60	39.979~ 41.061%	3.25~ 4.375	-	0.522 ~ 0.543%	$ 4.01~ 4.52
Employee stock options	2020.12.25	11.45	11.45	43.540~ 46.311%	3.25~ 4.375	-	0.177 ~ 0.197%	3.73~ 4.05
Employee stock options	2021.11.24	10.80	10.80	41.68%	4.875	-	0.46%	3.81~ 4.08

E. For the three-month periods ended March 31, 2024 and 2023, the compensation cost arising from employee stock options amounted to $200 and $1,052, of which $0 and $185, respectively, pertain to share-based payments paid to the employees of the parent company; and $200 and $867, respectively, pertain to compensation costs paid to the employees of the Company.

F. On June 8, 2023, the Company's parent company transferred treasury shares to employees of its subordinate companies, of which the number of shares granted to the employees of the Company was 154 thousand shares at an exercise price of $11.71 (in dollars) per share. For the year ended December 31, 2023, the Company's compensation costs arising from the aforementioned share-based payment agreement amounted to $360.

(12) Share capital

A. As of March 31, 2024, the Company's authorised capital was $3,000,000, consisting of 300,000 thousand shares of ordinary stock, and the paid-in capital was $1,926,305 with a par value of $10 (in dollars) per share.

Movements in the number of the Company's ordinary shares (including advance receipts for share capital) outstanding are as follows:

	2024 No. of shares (in thousands)	2023 No. of shares (in thousands)
January 1	191,635	188,618
Exercise of employee share options	996	-
March 31	192,631	188,618

B. For the three-month period ended March 31, 2024, the employees of the Company exercised 996 thousand shares of employee share options and paid $12,003 to the Company. As of March 31, 2024, total of 84 thousand shares amounting to $837 have not yet been registered, shown as "Advance receipts for share capital ".

C. To meet the Company's long-term business development needs, replenish working capital and invest in projects that are beneficial to the Company's business development, the stockholders at their stockholders' meeting on November 13, 2019 adopted a resolution to raise additional cash through private placement. On the same date, the Board of Directors resolved to set the effective date of private placement capital increase on November 27, 2019 at the subscription price of $13.44 (in dollars) per share. The amount of capital raised through the private placement was $1,377,600, which had been registered. The ordinary shares raised through the private placement must follow the Securities and Exchange Act that they will be able to issue and offer publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(13) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. The overdue dividends unclaimed by shareholders shall be recognised as capital surplus in accordance with Order No. Jing-Shang-10602420200 issued in September 2017 by the Ministry of Economic Affairs, R.O.C.

C. Movements in the capital surplus are as follows:

	2024			
	Share premium	Employee stock options	Others	Total
At January 1	$ 123,780	$ 19,082	$ 2,901	$ 145,763
Share-based payments	-	200	-	200
Employee stock options forfeited	283	(283)	-	-
Exercise of employee share options	6,319	(4,271)	-	2,048
Overdue dividends reclaimed by shareholders	-	-	(1)	(1)
At March 31	$ 130,382	$ 14,728	$ 2,900	$ 148,010

	2023			
	Share premium	Employee stock options	Others	Total
At January 1	$ 102,028	$ 31,557	$ 2,926	$ 136,511
Share-based payments	(185)	1,052	-	867
Employee stock options forfeited	1,883	(1,883)	-	-
At March 31	$ 103,726	$ 30,726	$ 2,926	$ 137,378

(14) Retained earnings (accumulated deficit)

A. The current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the Competent Authority. The remainder, if any, along with the unappropriated earnings of prior years and current adjustments on unappropriated earnings shall be proposed by the Board of Directors based on actual needs. While, the appropriation of earnings shall be resolved by the shareholders if earnings are distributed by issuing new shares.

B. If the Company distributed all or partial of appropriate dividend and bonus, capital surplus or the legal reserve in the form of cash, they should be resolved by a majority vote at a meeting of Board of Directors attended by two-third of the total number of the directors, and be reported to the shareholders. Abovementioned dividends distribution should consider factors of finance, business and operations to appropriate distributable earnings for the period. Cash dividends shall account for at least 10% of the total of cash and stock dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. On May 30, 2023, the shareholders at their annual meeting approved the deficit compensation for 2022. Since the Company had an accumulated deficit, there was no distributable retained earnings. The aforementioned deficit compensation was the same with that proposed by the Board of Directors on March 9, 2023.

F. On March 11, 2024, the Board of Directors resolved not to distribute earnings for 2023, since the Company had an accumulated deficit.

Information on the Company's deficit compensation as resolved by the shareholders and the Board of Directors are posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

(15) Operating revenue

	Three-month periods ended March 31,	
	2024	2023
Revenue from contracts with customers	$ 59,865	$ 299,094

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following geographical regions:

	Three-month periods ended March 31,	
	2024	2023
Revenue from external customer contracts		
Asia	$ 59,865	$ 39,103
America	-	259,991
	$ 59,865	$ 299,094

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Contract liabilities:				
Contract liability – unearned revenue	$ 4,191	$ 4,191	$ 11,289	$ 11,289

C. Revenue recognised that was included in the contract liability balance at the beginning of the period

	Three-month periods ended March 31,	
	2024	2023
Revenue from contracts with customers	$ -	$ -

(16) Other gains and losses

	Three-month periods ended March 31,	
	2024	2023
Gains on financial assets at fair value through profit or loss	$ 32,147	$ 36,674
Foreign exchange gains	1,529	1,739
Others	-	(1)
	$ 33,676	$ 38,412

(17) Expenses by nature

	Three-month periods ended March 31,	
	2024	2023
Employee benefit expense	$ 25,239	$ 30,883
Depreciation charges (Note)	3,571	3,711
Amortisation charges on intangible assets	449	425
	$ 29,259	$ 35,019

Note: Including depreciation charges on property, plant and equipment and right-of-use assets.

(18) Employee benefit expense

	Three-month periods ended March 31,	
	2024	2023
Wages and salaries	$ 20,972	$ 26,491
Labour and health insurance fees	2,123	2,433
Pension costs	1,250	1,168
Other personnel expenses	894	791
	$ 25,239	$ 30,883

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees and not be higher than 2% for directors and supervisors. However, if the Company has an accumulated deficit, earnings should first be reserved to cover accumulated deficit.

B. Due to the accumulated deficit, no employees' compensation and directors' and supervisors' remuneration was estimated and accrued for the three-month periods ended March 31, 2024 and 2023.

C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(19) Income tax

A. Income tax expense

Components of income tax expense:

	Three-month periods ended March 31,	
	2024	2023
Current tax:		
Current tax on profits for the period	$ -	$ -
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	-	-
Total deferred tax	-	-
Income tax expense	$ -	$ -

B. The Company's income tax returns through 2022 had been assessed and approved by the Tax Authority.

(20) Loss (earnings) per share

	Three months ended March 31, 2024		
	Amount after tax	Number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and Diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 3,438)	192,157	($ 0.02)

	Three months ended March 31, 2023		
	Amount after tax	Number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 52,319	188,618	$ 0.28
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	52,319	188,618	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,482	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 52,319	190,100	$ 0.28

(21) Supplemental cash flow information

Investing activities with partial cash payments:

	Three-month periods ended March 31,	
	2024	2023
Purchase of property, plant and equipment	$ 1,580	$ -
Add: Opening balance of payable on equipment	3,942	4,466
Less: Ending balance of payable on equipment	(1,989)	-
Cash paid during the period	$ 3,533	$ 4,466

(22) Changes in liabilities from financing activities

For the three-month periods ended March 31, 2024 and 2023, liabilities from financing activities include short-term borrowings, short-term notes and bills payable and lease liabilities. Please refer to the changes in the consolidated statements of cash flows.

7. Related Party Transactions

(1) Parent and ultimate controlling party

The Company is controlled by Kinpo Electronics Inc. (KPO), which owns 67.47% of the Company's shares.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
Kinpo Electronics, Inc.	Parent company
Cal-Comp Electronics & Communications Co., Ltd.	Sister company
Cal-Comp Electronics (Thailand) Public Company Limited	Sister company
SaveCom International Inc.	Other related company
Compal Electronics, Inc. and its subsidiaries	Other related company

(3) Significant related party transactions

A. Purchases:

	Three-month periods ended March 31,	
	2024	2023
Sister company		
-Cal-Comp Electronics (Thailand) Public Company Limited	$ 22,480	$ 116,074
Other related company	-	3,588
	$ 22,480	$ 119,662

Except for those with no similar transactions for reference and the prices and payment terms are determined by negotiations between both parties, the Group makes purchases from the aforementioned related parties at the prevailing market price. The payment terms are 1-4 months to third parties and 3-4 months to related parties.

B. Other expense:

	Three-month periods ended March 31, 2024	Three-month periods ended March 31, 2023
Human support service fee:		
Sister company		
-Cal-Comp Electronics & Communications Co., Ltd.	$ 1,245	$ 1,301

C. Other receivables:

	March 31, 2024	December 31, 2023	March 31, 2023
Receivables from raw materials purchases on behalf of others:			
Sister company			
-Cal-Comp Electronics (Thailand) Public Company Limited	$ 27,602	$ 1,358	$ 8,198

Other receivables arise mainly from raw materials purchases on behalf of others and are due 45 days after the date of delivery. The receivables are non-interest bearing.

D. Payables to related parties:

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable:			
Sister company			
-Cal-Comp Electronics (Thailand) Public Company Limited	$ 52,101	$ 44,087	$ 300,327
Other related company	-	-	3,588
	52,101	44,087	303,915
Other payables－receipts under custody:			
Sister company			
-Cal-Comp Electronics (Thailand) Public Company Limited	-	140,801	-
Other accounts payable-other:			
Parent company	191	80	10
Sister company			
-Cal-Comp Electronics (Thailand) Public Company Limited	992	1,123	3,813
-Other	1,291	774	1,533
	2,474	142,778	5,356
	$ 54,575	$ 186,865	$ 309,271

(a) Accounts payable arise mainly from purchase transactions and are due 90 to 120 days after the date of purchase. The payables are non-interest bearing.

(b) Receivables and payables arising from purchases on behalf of related parties were offset as it meets the criteria for derecognition and offsetting of financial assets and financial liabilities, and the net amounts were $3,838,104, $3,723,765 and $5,877,821 as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

E. Lease transactions－lessee

(a) The Group leases test equipment from parent company. Rental contracts are typically made for periods of 2 years. Rents are paid at the end of every year.

(b) Lease liabilities

(i) Outstanding balance:

	March 31, 2024	December 31, 2023	March 31, 2023
Parent company	$ 3,963	$ 4,572	$ -

(ii) Interest expense

	Three-month periods ended March 31,	
	2024	2023
Parent company	$ 21	$ -

(4) Key management compensation

	Three-month periods ended March 31,	
	2024	2023
Salaries and other short-term employee benefits	$ 6,212	$ 8,908
Post-employment benefits	54	54
	$ 6,266	$ 8,962

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

	Book value			
Pledged asset	March 31, 2024	December 31, 2023	March 31, 2023	Purpose
Pledged demand deposits (shown as other current assets)	$ 12,033	$ 12,033	$ 5,006	Collateral for bank borrowings

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

As of March 31, 2024, due to the Group's procurement requirements, a promissory note guarantee contract was signed with an amount of $38,388, and the related accounts are shown as guarantee notes deposit and guarantee notes payable.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Due to the Group's procurement requirements, a promissory note guarantee contract was signed with an amount of US$1,828,000 in April 2024, and the related accounts are shown as guarantee notes deposit and guarantee notes payable.

12. Others

(1) Capital management

There was no significant change in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2023.

(2) Financial instruments

A. Financial instruments by category

For information and amounts related to the Group's financial assets, which comprise financial assets at amortised cost (including cash and cash equivalents, notes receivable, accounts receivable, other receivables (including related parties), other current assets, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, accounts payable (including related parties), other payables (including related parties)), financial assets at fair value through profit or loss and lease liabilities, refer to the consolidated balance sheets and Note 8.

B. Financial risk management policies

There was no significant change in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2023.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	March 31, 2024				
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis: Extent of variation	Sensitivity analysis: Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 5,335	31.99	$ 170,667	1%	$ 1,707

	March 31, 2024				
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Extent of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial liabilities					
Monetary items					
USD:NTD	$ 3,104	31.99	$ 99,297	1%	$ 993

	December 31, 2023				
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Extent of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 10,726	30.74	$ 329,717	1%	$ 3,297
Financial liabilities					
Monetary items					
USD:NTD	$ 9,609	30.74	$ 295,381	1%	$ 2,954

	March 31, 2023				
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Extent of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 15,111	30.45	$ 460,130	1%	$ 4,601
Financial liabilities					
Monetary items					
USD:NTD	$ 13,566	30.45	$ 413,085	1%	$ 4,131

iii. The total exchange gain arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2024 and 2023, amounted to $1,529 and $1,739, respectively.

(b) Price risk

The Group's investments in equity securities comprise hybrid instruments issued by the foreign enterprise. The prices of hybrid instruments would change due to the change of the future value of investee companies. If the prices of these hybrid instruments had increased/decreased by 1% with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2024 and 2023 would have increased/decreased by $15,826 and $15,049, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

(c) Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During March 31, 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars.

ii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 1% with all other variables held constant, profit, net of tax for the three-month periods ended March 31, 2024 and 2023 would have decreased/increased by $1,318 and $610, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(d) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only banks with good credit and financial institutions with sufficient investment grades or above are deemed acceptable for investing. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group assesses expected credit loss on individual significant defaulted accounts receivable and classifies remaining customers' accounts receivable in accordance with characteristics of customer types. The Group applies different loss rate methodology or provision matrix as basis to estimate expected credit loss on different groups.

iv. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. According to abovementioned consideration and information, the Group does not expect any significant default possibility of accounts receivable.

v. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. As of March 31, 2024, December 31, 2023 and March 31, 2023, the provision matrix and loss rate methodology is as follows:

	Not past due	Up to 90 days	Total
At March 31, 2024			
Expected loss rate	0.075%	0.075%	
Total book value	$ 100,458	$ 24,447	$ 124,905
Loss allowance	($ 76)	($ 18)	($ 94)

	Not past due	Up to 90 days	Total
December 31, 2023			
Expected loss rate	0.0872%	0.0872%	
Total book value	$ 78,230	$ 21,516	$ 99,746
Loss allowance	($ 68)	($ 19)	($ 87)

	Not past due	Up to 90 days	Total
At March 31, 2023			
Expected loss rate	0.10%	0.00%	
Total book value	$ 390,657	$ -	$ 390,657
Loss allowance	($ 391)	$ -	($ 391)

vi. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2024	2023
	Accounts receivable	Accounts receivable
At January 1	$ 87	$ 270
Provision for impairment	7	121
At March 31	$ 94	$ 391

(e) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions. As of May 10, 2024, the Group's unused credit lines amounted to $379,977.

ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group's non-derivative financial liabilities (including short-term borrowings, accounts payable, accounts payable to related parties, other payables and other current liabilities) will expire within 1 year.

March 31, 2024	Less than 1 year	Over 1 year	Total
Non-derivative financial liabilities			
Lease liability	$ 6,263	$ 1,507	$ 7,770

December 31, 2023	Less than 1 year	Over 1 year	Total
Non-derivative financial liabilities			
Lease liability	$ 7,584	$ 2,136	$ 9,720

March 31, 2023	Less than 1 year	Over 1 year	Total
Non-derivative financial liabilities			
Lease liability	$ 2,743	$ 1,872	$ 4,615

(4) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in financial assets at fair value through profit or loss is included in Level 3.

B. The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, short-term borrowings, short-term notes and bills payable, accounts payable (including related parties) and other payables (including related parties), are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at March 31, 2024, December 31, 2023 and March 31, 2023, is as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

March 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Convertible bonds	$ -	$ -	$ 1,582,617	$ 1,582,617

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Convertible bonds	$ -	$ -	$ 1,550,470	$ 1,550,470

March 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Convertible bonds	$ -	$ -	$ 1,504,852	$ 1,504,852

(b) The fair values of convertible bonds as of March 31, 2024, December 31, 2023 and March 31, 2023 were measured using the binomial model (one of the lattice models). The main assumptions used are as follows:

	Fair value at March 31, 2024	Expected duration	Risk-free rate of interest	Expected price volatility (%)
Convertible bonds	$ 1,582,617	0.74 years	3.42%	47.60%

	Fair value at December 31, 2023	Expected duration	Risk-free rate of interest	Expected price volatility (%)
Convertible bonds	$ 1,550,470	0.99 years	3.36%	41.67%

	Fair value at March 31, 2023	Expected duration	Risk-free rate of interest	Expected price volatility (%)
Convertible bonds	$ 1,504,852	1.74 years	4.19%	40.97%

D. For the three-month periods ended March 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the three-month periods ended March 31, 2024 and 2023:

	Three-month periods ended March 31,	
	2024	2023
	Hybrid instrument	Hybrid instrument
At January 1	$ 1,550,470	$ 1,468,178
Gains recognised in profit or loss	32,147	36,674
At March 31	$ 1,582,617	$ 1,504,852

F. For the three-month periods ended March 31, 2024 and 2023, there was no transfer into or out from Level 3.

G. The Group’s fair value measurements categorised within Level 3 is valued through outsourced appraisal performed by the external valuer.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bonds	$ 1,582,617	Binomial Model (one of the lattice models)	Long-term income before taxes	-	The higher the long-term income before taxes, the higher the fair value; The higher the weighted average cost of capital, the lower the fair value; The higher the lack of marketability discount, the lower the fair value.
			Weighted average cost of capital	13.97%	
			Lack of marketability discount	20%	

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bonds	$ 1,550,470	Binomial Model (one of the lattice models)	Long-term income before taxes	-	The higher the long-term income before taxes, the higher the fair value; The higher the weighted average cost of capital, the lower the fair value; The higher the lack of marketability discount, the lower the fair value.
			Weighted average cost of capital	13.74%	
			Lack of marketability discount	20%	

	Fair value at March 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bonds	$ 1,540,852	Binomial Model (one of the lattice models)	Long-term income before taxes	-	The higher the long-term income before taxes, the higher the fair value; The higher the weighted average cost of capital, the lower the fair value; The higher the lack of marketability discount, the lower the fair value.
			Weighted average cost of capital	13.42%	
			Lack of marketability discount	20%	

I. The Group has carefully assessed the valuation models and assumptions used by external valuer to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			March 31, 2024	
			Recognised in profit or loss	
	Input	Change	Favourable change	Unfavourable change
Financial assets	Long-term income before taxes			
Hybrid instrument	Weighted average cost of capital	±1%	$ 15,826	($ 15,826)

	Input	Change	December 31, 2023 Recognised in profit or loss Favourable change	Unfavourable change
Financial assets	Long-term income before taxes			
Hybrid instrument	Weighted average cost of capital	±1%	$ 15,505	($ 15,505)

	Input	Change	March 31, 2023 Recognised in profit or loss Favourable change	Unfavourable change
Financial assets	Long-term income before taxes			
Hybrid instrument	Weighted average cost of capital	±1%	$ 15,049	($ 15,049)

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 2.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 3.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 4.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Refer to table 5.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Reconciliation for segment income (loss)

The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. No reconciliation is needed as the Group's reportable segments income (loss) is the income (loss) before tax.

Castlenet Technology Inc. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

March 31, 2024

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of March 31, 2024				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Castlenet Technology Inc.	SPI. Convertible Bond	None	Non-current financial assets at fair value through profit or loss	-	$ 1,582,617	-	$ 1,582,617	

Castlenet Technology Inc. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Three-month period ended March 31, 2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote（Note）
CastleNet Technology Inc.	Cal-Comp Electronics (Thailand) Public Company Limited	Subsidiary of the Company's parent, Kinpo Electronics Inc.	Purchases	$ 22,480	15%	90-120 days after monthly billings	Available to third parties	90-120 days after monthly billings	($ 52,101)	59%	Note

Note: The abovementioned accounts payable to related parties are mainly comprised of the balance of accounts payable for purchasing finished goods from sister companies.

Castlenet Technology Inc. and Subsidiaries

Information on investees

Three-month period ended March 31, 2024

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at March 31, 2024			Net profit (loss) of the investee for the three-month period ended March 31, 2024	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2024	
Investor	Investee	Location	Main business activities	Balance as at March 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			Footnote
CastleNet Technology Inc.	Castlenet Technology (BVI) Inc.	British Virgin Islands	Investment holdings	$ 302,692	$ 302,692	8,708	100	$ 42,628	$ 102	$ 102	

Castlenet Technology Inc. and Subsidiaries

Information on investments in Mainland China

Three-month period ended March 31, 2024

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 1)	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2024: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2024: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024	Net income (loss) of investee for the three-month period ended March 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2024 (Note 3)	Book value of investments in Mainland China as of March 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2024
CastleNet Technology Inc. - Kunshan	Manufacture and design broadband communication products such as modem and sales of self-produced products	$ 239,925 USD 7,500	2	$ 239,925 USD 7,500	$ -	$ -	$ 239,925 USD 7,500	$ 100	100	$ 100	$ 34,987	$ -

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
CastleNet Technology Inc. - Kunshan	$ 239,925	$ 239,925	$ 1,153,859

Note 1: The numbers in this table are expressed in New Taiwan Dollars. For the amounts denominated in foreign currencies are translated into New Taiwan dollars at the exchange rate used in financial statements.

Note 2: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through establishing Castlent Technology (BVI) Inc. in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 3: The investment income (loss) was recognised based on the financial statements reviewed by independent auditors for the three-month period ended March 31, 2024.

Castlenet Technology Inc. and Subsidiaries

Major shareholders information

March 31, 2024

Table 5

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Kinpo Electronics, Inc.	129,959	67.47%