

**FOCI FIBER OPTIC COMMUNICATIONS,
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

PWCR24000118

To the Board of Directors and Shareholders of FOCI Fiber Optic Communications, Inc

Introduction

We have reviewed the accompanying consolidated balance sheets of FOCI Fiber Optic Communications, 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 months then ended, and notes to the consolidated financial statements, including a summary of significant 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

Except as explained in the following paragraph, 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.

Basis for qualified conclusion

As explained in Note 4(3), the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$5,878 thousand and NT\$15,094 thousand, constituting 0.25% and 0.70% of the consolidated total assets as at March 31, 2024 and 2023, respectively, total liabilities amounted to NT\$2,567 thousand and NT\$2,748 thousand, constituting 0.85% and 0.53% of the consolidated total liabilities as at March 31, 2024 and 2023, respectively, and the total comprehensive (loss) income amounted to NT\$1,565 thousand and NT\$717 thousand, constituting (5.47%) and 2.21% of the consolidated total comprehensive income for the three months then ended, respectively. In addition, the financial statements of the investments accounted for using equity method were not reviewed by independent auditors. The comprehensive (loss) income (share of (loss) profit of associates accounted for using equity method) amounted to NT(\$1,490) thousand and NT(\$823) thousand, constituting 5.21% and (2.54%) of the consolidated total comprehensive income for the three months then ended, respectively. The balance of relevant investments accounted for using equity method amounted to NT\$5,154 thousand and NT\$13,850 thousand as of March 31, 2024 and 2023, respectively.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using equity method been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, 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

months 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.

Shu-Chien Pai

Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan

May 9, 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.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023
(Expressed in thousands of New Taiwan dollars)

Assets			March 31, 2024		December 31, 2023		March 31, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 921,991	39	\$ 913,040	38	\$ 539,878	25
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		208,800	9	210,400	9	211,600	10
1150	Notes receivable, net	6(5)	-	-	641	-	92	-
1170	Accounts receivable, net	6(5)	227,462	10	277,195	11	329,408	15
1180	Accounts receivable - related	6(5) and 7						
	parties, net		1,598	-	1,391	-	663	-
1200	Other receivables	7	6,147	-	5,518	-	11,331	-
130X	Inventories	6(6)	241,542	10	243,139	10	296,616	14
1470	Other current assets		18,129	1	14,562	1	3,253	-
11XX	Current Assets		1,625,669	69	1,665,886	69	1,392,841	64
Non-current assets								
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - non current		140,302	6	148,087	6	190,685	9
1535	Financial assets at amortised cost -	6(4) and 8						
	non current		2,939	-	2,939	-	2,939	-
1550	Investments accounted for using	6(7)						
	equity method		5,154	-	6,644	-	13,850	1
1600	Property, plant and equipment	6(8)	373,678	16	355,893	15	373,448	17
1755	Right-of-use assets	6(9)	89,487	4	93,797	4	92,045	4
1760	Investment property, net	6(11)	50,985	2	51,405	2	53,107	3
1780	Intangible assets		27,946	1	7,623	-	3,058	-
1840	Deferred income tax assets		34,123	2	25,212	1	10,809	1
1900	Other non-current assets	6(12) and 7	10,700	-	61,615	3	29,781	1
15XX	Non-current assets		735,314	31	753,215	31	769,722	36
1XXX	Total assets		\$ 2,360,983	100	\$ 2,419,101	100	\$ 2,162,563	100

(Continued)

FOCI FIBER OPTIC COMMUNICATIONS, 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		December 31, 2023		March 31, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(13)	\$ -	-	\$ -	-	\$ 180,000	8
2130	Contract liabilities - current	6(22)	3,547	-	2,256	-	870	-
2150	Notes payable		1,873	-	1,873	-	1,559	-
2170	Accounts payable		121,027	5	113,892	5	119,304	6
2180	Accounts payable - related parties	7	-	-	-	-	732	-
2200	Other payables	6(15)	71,075	3	57,186	2	92,575	4
2230	Current income tax liabilities		1,154	-	1,487	-	12,314	1
2280	Lease liabilities - current		11,677	1	13,813	1	15,849	1
2300	Other current liabilities	6(14)	2,735	-	2,618	-	8,597	-
21XX	Current Liabilities		<u>213,088</u>	<u>9</u>	<u>193,125</u>	<u>8</u>	<u>431,800</u>	<u>20</u>
Non-current liabilities								
2570	Deferred income tax liabilities		5,819	-	3,926	-	1,812	-
2580	Lease liabilities - non current		80,021	4	82,087	4	78,539	4
2600	Other non-current liabilities		1,714	-	1,714	-	1,714	-
25XX	Non-current liabilities		<u>87,554</u>	<u>4</u>	<u>87,727</u>	<u>4</u>	<u>82,065</u>	<u>4</u>
2XXX	Total Liabilities		<u>300,642</u>	<u>13</u>	<u>280,852</u>	<u>12</u>	<u>513,865</u>	<u>24</u>
Equity								
Share capital		6(18)						
3110	Share capital - common stock		986,406	42	986,406	41	883,366	41
Capital surplus		6(19)						
3200	Capital surplus		967,857	41	1,017,177	42	555,581	25
Retained earnings		6(20)						
3310	Legal reserve		135,135	6	135,135	6	130,433	6
3320	Special reserve		168,227	7	168,227	7	170,586	8
3350	Unappropriated retained earnings		25,893	1	54,166	2	78,587	4
Other equity interest		6(21)						
3400	Other equity interest		(223,177)	(10)	(222,862)	(10)	(169,855)	(8)
3XXX	Total equity		<u>2,060,341</u>	<u>87</u>	<u>2,138,249</u>	<u>88</u>	<u>1,648,698</u>	<u>76</u>
Significant events after the balance sheet date		11						
3X2X	Total liabilities and equity		<u>\$ 2,360,983</u>	<u>100</u>	<u>\$ 2,419,101</u>	<u>100</u>	<u>\$ 2,162,563</u>	<u>100</u>

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

				Three months ended March 31			
				2024		2023	
Items	Notes			AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(22) and 7		\$	268,538	100	\$ 322,164	100
5000 Operating costs	6(6)(27)(28)	(		247,369	92	(275,209)	(85)
5900 Net operating margin				21,169	8	46,955	15
Operating expenses	6(27)(28)						
6100 Selling expenses		(		6,838	3	(9,956)	(3)
6200 General and administrative expenses		(		21,887	8	(23,617)	(7)
6300 Research and development expenses		(		34,782	13	(24,062)	(8)
6450 Expected credit gains (losses)	12(2)			11	-	(4,451)	(1)
6000 Total operating expenses		(		63,496	24	(62,086)	(19)
6900 Operating loss		(		42,327	16	(15,131)	(4)
Non-operating income and expenses							
7100 Interest income	6(23)			1,806	1	1,049	-
7010 Other income	6(24)			219	-	620	-
7020 Other gains and losses	6(25)			8,175	3	46,085	14
7050 Finance costs	6(26)	(		531	-	(1,277)	-
7060 Share of loss of associates and joint ventures accounted for using equity method	6(7)	(		1,490	1	(823)	-
7000 Total non-operating income and expenses				8,179	3	45,654	14
7900 Profit (loss) before income tax		(		34,148	13	(30,523)	(10)
7950 Income tax benefit (expense)	6(29)			5,875	2	3,468	1
8200 Profit (loss) for the period		(		28,273	11	(33,991)	(11)
Other comprehensive income							
Components of other comprehensive income that will not be reclassified to profit or loss							
8316 Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)(21)	(		7,785	3	(1,580)	(1)
Components of other comprehensive income that will be reclassified to profit or loss							
8361 Financial statements translation differences of foreign operations	6(21)			9,337	4	(60)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(21)(29)	(		1,867	1	(12)	-
8300 Other comprehensive (loss) income for the period		(		315	-	(1,628)	(1)
8500 Total comprehensive (loss) income for the period		(		28,588	11	(32,363)	(10)
Profit, attributable to:							
8610 Owners of parent		(		28,273	11	(33,991)	(11)
Comprehensive (loss) income attributable to:							
8710 Owners of parent		(		28,588	11	(32,363)	(10)
Basic earnings (loss) per share	6(30)						
9750 Basic earnings (loss) per share		(		0.29		(0.38)	
Diluted earnings (loss) per share	6(30)						
9850 Diluted earnings (loss) per share		(		0.29		(0.38)	

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

FOCI FIBER OPTIC COMMUNICATIONS, 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									
Retained earnings						Other equity interest			
		Share capital - common stock	Capital surplus, additional paid- in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
	Notes								
<u>2023</u>									
Balance at January 1, 2023		\$ 883,366	\$ 555,581	\$ 130,433	\$ 170,586	\$ 88,764	(\$ 31,436)	(\$ 136,791)	\$ 1,660,503
Profit for the period		-	-	-	-	33,991	-	-	33,991
Other comprehensive loss for the period		-	-	-	-	-	(48)	(1,580)	(1,628)
Total comprehensive income (loss)		-	-	-	-	33,991	(48)	(1,580)	32,363
Appropriations and distribution of 2022 earnings	6(20)								
Cash dividends		-	-	-	-	(44,168)	-	-	(44,168)
Balance at March 31, 2023		\$ 883,366	\$ 555,581	\$ 130,433	\$ 170,586	\$ 78,587	(\$ 31,484)	(\$ 138,371)	\$ 1,648,698
<u>2024</u>									
Balance at January 1, 2024		\$ 986,406	\$ 1,017,177	\$ 135,135	\$ 168,227	\$ 54,166	(\$ 41,894)	(\$ 180,968)	\$ 2,138,249
Loss for the period		-	-	-	-	(28,273)	-	-	(28,273)
Other comprehensive income (loss) for the period		-	-	-	-	-	7,470	(7,785)	(315)
Total comprehensive income (loss)		-	-	-	-	(28,273)	7,470	(7,785)	(28,588)
Capital surplus used to issue cash	6(19)(20)(31)	-	(49,320)	-	-	-	-	-	(49,320)
Balance at March 31, 2024		\$ 986,406	\$ 967,857	\$ 135,135	\$ 168,227	\$ 25,893	(\$ 34,424)	(\$ 188,753)	\$ 2,060,341

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Three months ended March 31	
		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		(\$ 34,148)	\$ 30,523
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(11)(27)	23,684	23,752
Amortisation expense	6(27)	3,848	596
Expected credit (gains) losses	12(2)	(11)	4,451
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(25)	1,600	(48,800)
Interest expense	6(26)	531	1,277
Interest income	6(23)	(1,806)	(1,049)
Share of profit of associates accounted for using equity method	6(7)	1,490	823
Loss on disposals of property, plant and equipment	6(25)	83	16
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		641	-
Accounts receivable (including related parties)		49,700	(1,817)
Other receivables (including related parties)		(771)	(6)
Inventories		2,812	48,426
Other current assets		(3,383)	3,805
Changes in operating liabilities			
Contract liabilities		1,291	(5,219)
Notes payable		-	13
Accounts payable (including related parties)		5,768	(11,967)
Other payables		5,435	(16,407)
Other current liabilities		99	48
Cash inflow generated from operations		56,863	28,465
Income taxes paid		(1,500)	(5,407)
Net cash flows from operating activities		55,363	23,058

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FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	<u>Notes</u>	<u>Three months ended March 31</u>	
		<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(31)	(\$ 27,872)	(\$ 16,839)
Proceeds from disposal of property, plant and equipment		343	-
Decrease (increase) in guarantee deposits paid		2,683	2,322
Acquisition of intangible assets		(24,164)	-
Other non-current assets		273	(134)
Decrease (Increase) in prepayments for equipment		47,959	(20,928)
Interest received		<u>1,987</u>	<u>889</u>
Net cash flows from (used in) investing activities		<u>1,209</u>	(<u>34,690</u>)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payments of lease liabilities	6(32)	(4,052)	(5,533)
Cash dividends paid	6(20)	(49,320)	-
Interest paid		(<u>532</u>)	(<u>1,163</u>)
Net cash flows used in financing activities		(<u>53,904</u>)	(<u>6,696</u>)
Effect of exchange rate changes		<u>6,283</u>	(<u>3,050</u>)
Net increase (decrease) in cash and cash equivalents		8,951	(21,378)
Cash and cash equivalents at beginning of period		<u>913,040</u>	<u>561,256</u>
Cash and cash equivalents at end of period		<u>\$ 921,991</u>	<u>\$ 539,878</u>

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

FOCI FIBER OPTIC COMMUNICATIONS, 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

FOCI Fiber Optic Communications, Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on June 14, 1995 and started operation in September 1995. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the research, manufacture and sales of various passive fiber optical components, fiber optic test equipment, fiber optics application system and plan, design, consulting and technology services of system integration of the aforementioned products.

The Company’s stock was listed on the Taipei Exchange on February 25, 2011.

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 9, 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 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 IASB
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

Except for the following, 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 applied in the preparation of these consolidated financial statements are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for those 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 and financial liabilities at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

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 the consolidated financial statements were in consistent with the consolidated financial statements 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(%)			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
FOCI Fiber Optic Communications, Inc.	FIOPTec Inc.	Investment business	100%	100%	100%	
FIOPTec Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company’s products	100%	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
FIOPTec Inc.	Jiangxi FOCI Fiber Optic Communication, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	100%	100%	100%	
Shanghai FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	100%	100%	100%	

Note: The financial statements of the entity as of and for the three months ended March 31, 2024 and 2023 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

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

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

E. Significant restrictions: 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. Also, the related information is disclosed accordingly.

(5) Income tax

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.

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

There was no significant change in the reporting period. Please 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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand and petty cash	\$ 364	\$ 356	\$ 325
Checking accounts and demand deposits	235,562	193,236	185,553
Time deposits	686,065	719,448	354,000
Total	<u>\$ 921,991</u>	<u>\$ 913,040</u>	<u>\$ 539,878</u>

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 restricted cash and cash equivalents were classified as "non-current financial assets at amortized cost", please refer to Notes 6(4) and 8.

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 237,460	\$ 237,460	\$ 237,460
Valuation adjustment	(28,660)	(27,060)	(25,860)
	<u>\$ 208,800</u>	<u>\$ 210,400</u>	<u>\$ 211,600</u>
Financial assets held for trading			
Derivatives instruments	\$ -	\$ -	\$ (46)
Valuation adjustment	-	-	46
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

Items	Three months ended March 31,	
	2024	2023
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 1,600)	\$ 48,800

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

Items	March 31, 2024	December 31, 2023	March 31, 2023
Non-current items:			
Equity instruments			
Emerging stocks	\$ 69,911	\$ 69,911	\$ 69,911
Unlisted stocks	259,144	259,144	259,144
Valuation adjustment	(188,753)	(180,968)	(138,370)
	<u>\$ 140,302</u>	<u>\$ 148,087</u>	<u>\$ 190,685</u>

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$140,302, \$148,087 and \$190,685 as at March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

Items	Three months ended March 31,	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 7,785)	(\$ 1,580)

(4) Financial assets at amortized cost

Items	March 31, 2024	December 31, 2023	March 31, 2023
Non-current items:			
Time deposits	<u>\$ 2,939</u>	<u>\$ 2,939</u>	<u>\$ 2,939</u>

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

Items	Three months ended March 31,	
	2024	2023
Interest income	<u>\$ 12</u>	<u>\$ 9</u>

B. As at March 31, 2024, December 31, 2023 and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of

the amount that best represents the financial assets at amortized cost held by the Group was \$2,939.

C. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2).

The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

D. Details of the Group's non-current financial assets at amortized cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ -	\$ 641	\$ 92
Accounts receivable - general customers	227,530	277,274	335,755
Accounts receivable - related parties	1,598	1,391	663
	<u>229,128</u>	<u>279,306</u>	<u>336,510</u>
Less: Allowance for uncollectible accounts	(68)	(79)	(6,347)
	<u>\$ 229,060</u>	<u>\$ 279,227</u>	<u>\$ 330,163</u>

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

	March 31, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 207,461	\$ -	\$ 256,348	\$ 641
Up to 30 days	6,142	-	11,940	-
31 to 90 days	13,939	-	9,960	-
91 to 180 days	1,489	-	150	-
Over 180 days	97	-	267	-
	<u>\$ 229,128</u>	<u>\$ -</u>	<u>\$ 278,665</u>	<u>\$ 641</u>
	March 31, 2023			
	Accounts receivable	Notes receivable		
Not past due	\$ 263,363	\$ 92		
Up to 30 days	33,608	-		
31 to 90 days	24,712	-		
91 to 180 days	12,720	-		
Over 180 days	2,015	-		
	<u>\$ 336,418</u>	<u>\$ 92</u>		

The above ageing analysis was based on past due date.

B. As of March 31, 2024, December 31, 2023 and March 31, 2023, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers amounted to \$333,388.

C. As at March 31, 2024, December 31, 2023 and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$0, \$641 and \$92; \$229,060, \$278,586 and \$330,071, respectively.

D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

(6) Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Finished goods	\$ 156,494	\$ 198,885	\$ 233,040
Work in progress	28,330	16,090	11,302
Raw materials	98,570	69,275	99,139
Subtotal	283,394	284,250	343,481
Allowance for inventory valuation losses	(41,852)	(41,111)	(46,865)
Total	<u>\$ 241,542</u>	<u>\$ 243,139</u>	<u>\$ 296,616</u>

The cost of inventories recognized as expense for the period:

Items	Three months ended March 31,	
	2024	2023
Cost of goods sold	\$ 246,611	\$ 283,449
Loss on decline in (gain on reversal of) market value	280	(8,689)
Loss on scrapping inventory	58	28
Lease cost	420	421
	<u>\$ 247,369</u>	<u>\$ 275,209</u>

For the three months ended March 31, 2024 and 2023, the Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because of selling part of market-price-decline or obsolete-and-slow-moving inventories, respectively.

(7) Investments accounted for using equity method

	March 31, 2024	December 31, 2023	March 31, 2023
BKS TEC Corp.	<u>\$ 5,154</u>	<u>\$ 6,644</u>	<u>\$ 13,850</u>

- A. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

	Three months ended March 31,	
	2024	2023
Loss for the period from continuing operations	(\$ 1,490)	(\$ 823)
Other comprehensive loss, net of tax	-	-
Total comprehensive loss for the period	<u>(\$ 1,490)</u>	<u>(\$ 823)</u>

- B. On March 31, 2024, December 31, 2023 and March 31, 2023, the Group held 11.07%, 11.07% and 11.76% equity interests in BKS TEC Corp. and held 1 seat in the Board of Directors, respectively, and thus the Group was considered to have significant influence over BKS TEC Corp..
- C. For the year ended December 31, 2023, based on the Company's assessment, an impairment loss of \$3,790 was recognized due to the recoverable amount of BKS TEC Corp. is less than its carrying amount.

(8) Property, plant and equipment

	2024							
	Buildings and structures	Machinery and equipment	Research and development equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction and equipment under acceptance	Total
<u>Cost</u>								
Opening net book amount as at January 1	\$ 392,762	\$ 285,867	\$ 93,141	\$ 1,884	\$ 6,417	\$ 24,868	\$ 13,385	\$ 818,324
Additions for the period	898	33,111	1,195	-	185	-	685	36,074
Disposals for the period	(242)	(14,238)	(7,244)	-	(427)	(285)	-	(22,436)
Reclassifications in the period	-	13,385	-	-	-	-	(13,385)	-
Translation adjustments	387	1,344	-	34	72	451	-	2,288
At March 31	<u>\$ 393,805</u>	<u>\$ 319,469</u>	<u>\$ 87,092</u>	<u>\$ 1,918</u>	<u>\$ 6,247</u>	<u>\$ 25,034</u>	<u>\$ 685</u>	<u>\$ 834,250</u>
<u>Accumulated depreciation and impairment</u>								
At January 1	\$ 195,090	\$ 199,720	\$ 43,616	\$ 1,038	\$ 5,326	\$ 17,641	\$ -	\$ 462,431
Depreciation expense for the period	3,397	9,046	5,617	35	90	457	-	18,642
Disposals for the period	(242)	(13,916)	(7,244)	-	(384)	(224)	-	(22,010)
Translation adjustments	380	723	-	19	63	324	-	1,509
Closing net book amount as at March 31	<u>198,625</u>	<u>195,573</u>	<u>41,989</u>	<u>1,092</u>	<u>5,095</u>	<u>18,198</u>	<u>-</u>	<u>460,572</u>
Net amount	<u>\$ 195,180</u>	<u>\$ 123,896</u>	<u>\$ 45,103</u>	<u>\$ 826</u>	<u>\$ 1,152</u>	<u>\$ 6,836</u>	<u>\$ 685</u>	<u>\$ 373,678</u>

	2023							
	Buildings and structures	Machinery and equipment	Research and development equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction and equipment under acceptance	Total
<u>Cost</u>								
Opening net book amount as at January 1	\$ 408,025	\$ 294,230	\$ 77,185	\$ 2,513	\$ 7,355	\$ 7,948	\$ -	\$ 797,256
Additions for the period	2,046	1,313	9,068	-	-	134	1,742	14,303
Disposals for the period	- (	1,496)	-	- (	15)	(23)	- (	1,534)
Translation adjustments	102	458	-	10	22	40	-	632
At March 31	<u>\$ 410,173</u>	<u>\$ 294,505</u>	<u>\$ 86,253</u>	<u>\$ 2,523</u>	<u>\$ 7,362</u>	<u>\$ 8,099</u>	<u>\$ 1,742</u>	<u>\$ 810,657</u>
<u>Accumulated depreciation and impairment</u>								
At January 1	\$ 198,756	\$ 169,766	\$ 41,555	\$ 1,327	\$ 5,574	\$ 3,360	\$ -	\$ 420,338
Depreciation expense for the period	4,178	9,277	4,036	65	139	322	-	18,017
Disposals for the period	- (	1,485)	-	- (	14)	(19)	- (	1,518)
Translation adjustments	102	230	-	5	19	16	-	372
Closing net book amount as at March 31	<u>203,036</u>	<u>177,788</u>	<u>45,591</u>	<u>1,397</u>	<u>5,718</u>	<u>3,679</u>	<u>-</u>	<u>437,209</u>
Net amount	<u>\$ 207,137</u>	<u>\$ 116,717</u>	<u>\$ 40,662</u>	<u>\$ 1,126</u>	<u>\$ 1,644</u>	<u>\$ 4,420</u>	<u>\$ 1,742</u>	<u>\$ 373,448</u>

A. The significant components of buildings include main plants and electromechanical power equipment and constructions and clean room, which are depreciated over 55 years, 10 years and 10 years, respectively.

B. The equipment was for the Group's own use and not for lease.

(9) Leasing arrangements – lessee

- A. The Group leases various assets including land, buildings, business vehicles, multifunction printers. Rental contracts are typically made for periods of 1 to 20 years.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 72,058	\$ 72,650	\$ 74,427
Buildings	15,706	19,069	14,091
Transportation equipment (Business vehicles)	1,723	2,078	2,823
Research and development equipment	-	-	704
	<u>\$ 89,487</u>	<u>\$ 93,797</u>	<u>\$ 92,045</u>

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 592	\$ 592
Buildings	3,675	4,241
Transportation equipment (Business vehicles)	355	356
Research and development equipment	-	125
	<u>\$ 4,622</u>	<u>\$ 5,314</u>

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

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 485	\$ 433
Expense on short-term lease contracts	197	155
Expense on leases of low-value assets	55	86
Total	<u>\$ 737</u>	<u>\$ 674</u>

- D. For the three months ended March 31, 2024 and 2023, the Group's total cash outflow for leases were \$4,789 and \$6,207, respectively.

(10) Leasing arrangements – lessor

- A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a certain amount of guarantee deposits is required.
- B. For the three months ended March 31, 2024 and 2023, the Group recognized rent income in the

amounts of \$2,626 and \$2,626, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Not later than one year	\$ 9,528	\$ 10,169	\$ 10,096
Later than one year but not later than five years	2,050	4,035	11,497
Total	<u>\$ 11,578</u>	<u>\$ 14,204</u>	<u>\$ 21,593</u>

(11) Investment property

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Buildings and structures</u>			
Cost			
Equity at beginning of period	\$ 94,436	\$ 94,436	\$ 94,436
Reclassifications for the period	-	-	-
Equity at end of period	<u>94,436</u>	<u>94,436</u>	<u>94,436</u>
Accumulated depreciation			
Equity at beginning of period	43,031	40,908	40,908
Additions for the period	420	2,123	421
Reclassifications for the period	-	-	-
Equity at end of period	<u>43,451</u>	<u>43,031</u>	<u>41,329</u>
Closing net book amount as at March 31	<u>\$ 50,985</u>	<u>\$ 51,405</u>	<u>\$ 53,107</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Rental income from investment property	<u>\$ 2,626</u>	<u>\$ 2,626</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 420</u>	<u>\$ 421</u>

B. The fair value of the investment property held by the Group as at March 31, 2024, December 31, 2023 and March 31, 2023, was \$92,074, \$92,672 and \$92,672, respectively, which was valued by the Group using the income approach which is categorized within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Discount rate	<u>2.47%</u>	<u>2.345%</u>	<u>2.345%</u>

(12) Other non-current assets

	March 31, 2024	December 31, 2023	March 31, 2023
Prepayments for business facilities	\$ 4,526	\$ 52,485	\$ 24,349
Guarantee deposits paid	4,716	7,399	3,359
Other assets	1,458	1,731	2,073
	<u>\$ 10,700</u>	<u>\$ 61,615</u>	<u>\$ 29,781</u>

(13) Short-term borrowings

March 31, 2024 and December 31, 2023: None.

Type of borrowings	March 31, 2023	Interest rate range	Collateral
Bank secured borrowings	<u>\$ 180,000</u>	1.58% ~ 1.7%	None

(14) Bonds payable

	March 31, 2024	December 31, 2023	March 31, 2023
Bonds payable	\$ -	\$ -	\$ 6,900
Less: Discount on bondspayable	-	-	(36)
	-	-	6,864
Less: Current portion	-	-	(6,864)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

A. The terms of the second domestic unsecured convertible bonds issued by the Company are as follows:

- (a) The Company issued \$400,000, 0% second domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 5 years from the issue date (September 6, 2018 ~ September 6, 2023) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on September 6, 2018.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (c) The conversion price of convertible bonds was set at NT\$26.8 (in dollars) per share. However, the conversion price is adjusted according to the formula set out in the indenture if any of the following events occurs after the issuance of the Company's convertible bonds:
 - i Increase in outstanding (or private placement) common shares.
 - ii The ratio of cash dividends paid for common shares to the market price per share exceeds 1.5%.
 - iii Reissuance (or private placement) of various securities with conversion options or stock options to common shares at a conversion or an exercise price lower than the market price per share.

iv Reduction in ordinary share capital that is not caused by the retirement of treasury shares.

On July 2, 2022 and July 3, 2021, because the ratio of cash dividends paid for common shares to the market price per share exceeded 1.5%, the Company adjusted conversion prices to NT\$22.7 (in dollars) and NT\$24.1 (in dollars) per share, respectively.

- (d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value within 5 trading days after the put effective date of bonds from the date three months after the bonds issue to 40 days before the maturity date if the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% (including 30%) for 30 consecutive trading days, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount.
- (e) The Company set the date when the bonds have been issued for 2 years, 3 years and 4 years as the put effective date for the bondholders to early put the bonds back to the Company. The Company should notice the bondholders at 40 days before the put effective date and should redeem the convertible bonds in cash within 5 trading days after the put effective date when accepting the bondholders' requests.
- (f) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be sold or re-issued; the conversion options attached to the bonds are also extinguished.
- (g) As of March 31, 2024, the bonds totaling \$400,000 (face value) had been converted into 15,192,422 shares of common stock.
- B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$27,490 were separated from the liability component and were recognized in 'capital surplus—share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were recognized in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation was 1.84%.

(15) Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Salaries and bonuses payable	\$ 23,327	\$ 28,559	\$ 13,371
Payable on equipment	13,459	5,257	2,560
Employees' compensation and directors' remuneration payable	-	-	9,938
Dividends payable	-	-	44,168
Others	34,289	23,370	22,538
	<u>\$ 71,075</u>	<u>\$ 57,186</u>	<u>\$ 92,575</u>

(16) Pensions

- A. The Company has 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. The Company’s mainland China subsidiaries in Shanghai, Jiangxi, and Zhongshan have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the three months ended March 31, 2024 and 2023 was 15% ~ 20%. Other than the monthly contributions, the Group has no further obligations.
- C. The pension costs under defined contribution pension plans of the Group for the three months ended March 31, 2024 and 2023 were \$4,804 and \$4,555 respectively.

(17) Share-based payment

- A. For the year ended December 31, 2023, the Group’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted(share in thousands)	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2023.10.25	1,403	NA	Vested immediately

The Board of Directors of the Group during their meeting on August 3, 2023 adopted a resolution to increase the Group’s capital by issuing 10,000 thousand ordinary shares. The Group reserved no more than 15% of the shares for subscription by employees of the Company and its subsidiaries in accordance with Article 267 of the Company Act. The chairman was authorized to contact a specific person to fully subscribe those shares which were gave up subscribing by the employees or undersubscribed at the issuing price.

- B. The Group’s fair value information of share-based payment transactions is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Fair value per unit
Cash capital increase reserved for employee preemption	2023.10.25	\$ 74	\$ 52.8	\$ 21.2

- C. Expenses incurred on share-based payment transactions are shown below:

For the three months ended March 31, 2024 and 2023: None.

(18) Share capital

A. As of March 31, 2024, the Company's authorized capital was \$1,100,000, consisting of 110,000 thousand shares of ordinary stock (including 6,000 thousand shares reserved for employee stock options), and the paid-in capital was \$986,406 with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2024 (in thousands)	2023 (in thousands)
At January 1/March 31	98,641	88,337

B. The Board of Directors of the Company during their meeting on August 3, 2023 adopted a resolution to increase the Company's capital by issuing 10,000 thousand ordinary shares with a par value of NT\$10 (in dollars) per share, the issuing price was NT\$52.8 (in dollars) per share. The capital increase was approved by the competent authority on September 26, 2023 and the effective date of the capital increase was set on November 3, 2023. Proceeds had been fully collected and the registration for the change had been completed.

(19) Capital surplus

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 capitalized 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.

	2024				
	Share premium		Changes in ownership interests in subsidiaries	Gains on disposals of fixed assets and others	Total
At January 1	\$ 1,015,144		\$ 1,775	\$ 258	\$ 1,017,177
Capital surplus distributed as cash	(49,320)		-	-	(49,320)
At March 31	<u>\$ 965,824</u>		<u>\$ 1,775</u>	<u>\$ 258</u>	<u>\$ 967,857</u>
	2023				
	Share premium	Stock options	Changes in ownership interests in subsidiaries	Gains on disposals of fixed assets and others	Total
At January 1 / March 31	\$ 553,074	\$ 474	\$ 1,775	\$ 258	\$ 555,581

(20) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be appropriated in the following orders:
- (a) Pay all taxes;
 - (b) Cover prior years' losses;
 - (c) Set aside 10% as legal reserve (unless the legal reserve has reached the total capital);
 - (d) Set aside or reverse special reserve as required by regulations;
 - (e) The remainder, if any, along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and be resolved by the shareholders.
- B. The Board of Directors of the Company may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends, bonus, legal reserve, or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting.
- C. The Company's dividend policy is set up in accordance with the Company Act and the Company's Articles of Incorporation, and in consideration of factors including the Company's capital and financial structure, operational condition, earnings, and the industry's nature and cycle, etc. Suppose the Company has a surplus in its final annual accounts, and the distributable surplus reaches 2% of the paid-in capital. In that case, the dividend distribution shall not be less than 10% of the distributable surplus. Cash dividends are preferred in the distribution of earnings, but stock dividends can also be distributed on the basis that the distribution ratio of stock dividends is no higher than 50% of total dividends of the year.
- 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. Legal reserve shall be set aside until its balance reaches the Company's total paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of its paid-in capital, the excess may be transferred to capital or distributed in cash.
- F. The Board of Directors on February 23, 2023 and the shareholder's meeting on May 30, 2023 adopted a resolution on the distribution of 2022 earnings, appropriating \$4,702 as legal reserve, reversing special reserve of \$2,359, and distributing \$44,313 as cash dividends at NT\$0.5 (in dollars) per share.
- G. The Board of Directors on February 22, 2024 adopted a resolution on the distribution of 2023 earnings, distribute cash dividends from capital surplus amounting to \$49,320 at NT\$0.5 (in dollars) per share.

(21) Other equity items

	2024		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	(\$ 41,894)	(\$ 180,968)	(\$ 222,862)
Revaluation – gross	-	(7,785)	(7,785)
Currency translation differences			
– Group:			
–Group	9,337	-	9,337
–Tax on Group	(1,867)	-	(1,867)
At March 31	<u>(\$ 34,424)</u>	<u>(\$ 188,753)</u>	<u>(\$ 223,177)</u>
	2023		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	(\$ 31,436)	(\$ 136,791)	(\$ 168,227)
Revaluation – gross	-	(1,580)	(1,580)
Currency translation differences			
– Group:			
–Group	(60)	-	(60)
–Tax on Group	12	-	12
At March 31	<u>(\$ 31,484)</u>	<u>(\$ 138,371)</u>	<u>(\$ 169,855)</u>

(22) Operating revenue

	Three months ended March 31,	
	2024	2023
Revenue from contracts with customers	\$ 265,912	\$ 319,538
Others – lease revenue	2,626	2,626
Total	<u>\$ 268,538</u>	<u>\$ 322,164</u>

A. Disaggregation of revenue from contracts with customers

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

Three months ended						Other regions	Total
March 31, 2024	Taiwan	China	America	Asia			
Revenue from external customer contracts	<u>\$ 21,685</u>	<u>\$ 5,724</u>	<u>\$217,067</u>	<u>\$ 18,102</u>	<u>\$ 3,334</u>		<u>\$ 265,912</u>
Three months ended						Other regions	Total
March 31, 2023	Taiwan	China	America	Asia			
Revenue from external customer contracts	<u>\$ 45,242</u>	<u>\$ 25,132</u>	<u>\$192,682</u>	<u>\$ 40,295</u>	<u>\$ 16,187</u>		<u>\$ 319,538</u>

B. Contract assets and liabilities

The Group has recognized the following revenue-related contract assets and liabilities:

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Product sales contracts	\$ 3,547	\$ 2,256	\$ 870	\$ 6,089

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

	Three months ended March 31,	
	2024	2023
Product sales contracts	\$ 1,786	\$ 5,509

(23) Interest income

	Three months ended March 31,	
	2024	2023
Interest income from bank deposits	\$ 1,794	\$ 1,040
Interest income from financial assets measured at amortised cost	12	9
	\$ 1,806	\$ 1,049

(24) Other income

	Three months ended March 31,	
	2024	2023
Other income, others	219	620
	\$ 219	\$ 620

(25) Other gains and losses

	Three months ended March 31,	
	2024	2023
Losses on disposals of property, plant and equipment	(\$ 83)	(\$ 16)
Foreign exchange gains (losses)	9,431	(2,697)
(Losses) gains on financial assets and liabilities at fair value through profit or loss	(1,600)	48,800
Other gains and losses	427	(2)
	\$ 8,175	\$ 46,085

(26) Finance costs

	Three months ended March 31,	
	2024	2023
Interest expense	\$ 531	\$ 1,277

(27) Expenses by nature

	Three months ended March 31,	
	2024	2023
Employee benefit expense	\$ 79,550	\$ 80,500
Depreciation charges	23,684	23,752
Amortization charges	3,848	596
	<u>\$ 107,082</u>	<u>\$ 104,848</u>

(28) Employee benefit expense

	Three months ended March 31,	
	2024	2023
Wages and salaries	\$ 64,313	\$ 65,280
Director' remuneration	925	1,779
Labour and health insurance fees	4,921	4,808
Pension costs	4,804	4,555
Other personnel expenses	4,587	4,078
	<u>\$ 79,550</u>	<u>\$ 80,500</u>

- 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 be 5% ~ 15% for employees' compensation and shall not be higher than 5% for directors' remuneration. If the Company has accumulated deficit, earnings should be reserved to cover losses.
- B. For the three months ended March 31, 2024 and 2023, employees' compensation was accrued at \$0 and \$2,099, respectively; directors' remuneration was accrued at \$0 and \$839, respectively. The aforementioned amounts were recognized in salary expenses.
- Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31,	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ -	\$ -
Prior year income tax underestimation (over)	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	(5,875)	(3,468)
Total deferred tax	(5,875)	(3,468)
Tax expense income benefit	(\$ 5,875)	(\$ 3,468)

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Three months ended March 31,	
	2024	2023
Currency translation differences	\$ 1,867	(\$ 12)

(c) The income tax charged/(credited) to equity during the period is as follows: None.

B. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(30) Earnings per share

	Three months ended March 31, 2024		
		Weighted average number of ordinary shares outstanding	Loss per share
	Amount after tax	(share in thousands)	(in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 28,273)	98,641	(\$ 0.29)
<u>Diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	(\$ 28,273)	98,641	(\$ 0.29)

Three months ended March 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 33,991	88,337	\$ 0.38
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	33,991	88,337	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	117	
Convertible bonds	20	304	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 34,011	88,758	\$ 0.38

(31) Supplemental cash flow information

A. Investing activities with partial cash payments:

Three months ended March 31,			
	2024	2023	
Purchase of property, plant and equipment	\$ 36,074	\$ 14,303	
Add: Opening balance of payable on equipment	5,257	5,096	
Less: Ending balance of payable on equipment	(13,459)	(2,560)	
Cash paid during the period	\$ 27,872	\$ 16,839	

B. Financing activities with partial cash payments:

Three months ended March 31,			
	2024	2023	
Cash dividends declared	\$ 49,320	\$ 44,168	
Less: Ending balance of dividends payable	-	(44,168)	
Cash paid during the period	\$ 49,320	\$ -	

(32) Changes in liabilities from financing activities

		2024	
		Lease liabilities	Liabilities from financing activities-gross
At January 1	\$	95,900	\$ 95,900
Changes in cash flow from financing activities	(	4,052)	(4,052)
Interest payments	(	485)	(485)
Amortization charges on interest expenses		485	485
Changes in other non-cash items	(	463)	(463)
Impact of changes in foreign exchange rate		313	313
At March 31	\$	91,698	\$ 91,698

		2023			
		Short-term borrowings	Bonds payable	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$	180,000	\$ 6,829	\$ 99,827	\$ 286,656
Changes in cash flow from financing activities		-	-	(5,533)	(5,533)
Interest payments		-	-	(433)	(433)
Amortization charges on interest expenses		-	35	433	468
Impact of changes in foreign exchange rate		-	-	94	94
At March 31	\$	180,000	\$ 6,864	\$ 94,388	\$ 281,252

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
BKS TEC Corp.	Associate

(2) Significant related party transactions

A. Operating revenue:

		Three months ended March 31,	
		2024	2023
Sales of goods:			
BKS TEC Corp.	\$	123	\$ 829

B. Purchases:

	Three months ended March 31,	
	2024	2023
Purchases of goods:		
BKS TEC Corp.	\$ -	\$ 697

Goods are purchased based on the price lists in force and terms that would be available to third parties.

C. Receivables from related parties:

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable:			
BKS TEC Corp.	\$ 1,598	\$ 1,391	\$ 663
Other receivables - current:			
BKS TEC Corp.	\$ 1,858	\$ 1,856	\$ 43
Lease payments receivable - non current:			
BKS TEC Corp.	\$ 1,458	\$ 1,731	\$ -

The receivables from related parties arise mainly from sale and goods. The receivables are unsecured in nature and bear no interest.

The Group leased assets to BKS TEC Corp. under finance lease, and on March 31, 2024 and December 31, 2023, the Group accounted its lease payments receivable as other receivables and other non-current assets in the amounts of \$1,476, \$1,380, \$1,458 and \$1,731, respectively.

D. Payables to related parties:

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable:			
BKS TEC Corp.	\$ -	\$ -	\$ 732

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

(3) Key management compensation

	Three months ended March 31,	
	2024	2023
Short-term employee benefits	\$ 3,869	\$ 5,378
Post-employment benefits	122	137
	\$ 3,991	\$ 5,515

8. Pledged Assets

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

Pledged asset	Book value			Purpose
	March 31, 2024	December 31, 2023	March 31, 2023	
Time deposits (Note)	\$ 2,939	\$ 2,939	\$ 2,939	Land lease deposits

Note : “ Financial assets at amortized cost – non-current ” are listed in the table.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On April 12, 2024, the Company's Board of Directors resolved the private placement of common shares under a limit of 10,000 thousand shares, which is pending for approval from the shareholders.

12. Others

(1) Capital management

The Group manages its capital to ensure that the Group will be able to stay in operation while maximizing the return to stakeholders. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of the Company's net debt (being borrowings offset by cash) and equity (comprising share capital, capital surplus, retained earnings and other equity).

(2) Financial instruments

A. Financial instruments by category

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 208,800	\$ 210,400	\$ 211,600
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	140,302	148,087	190,685
Financial assets at amortised cost			
Cash and cash equivalents	921,991	913,040	539,878
Notes receivable	-	641	92
Accounts receivable (including related parties)	229,060	278,586	330,071
Other receivables (including related parties)	6,147	5,518	11,331
Financial assets at amortised cost	2,939	2,939	2,939
Guarantee deposits paid	4,716	7,399	3,359
	<u>\$ 1,513,955</u>	<u>\$ 1,566,610</u>	<u>\$ 1,289,955</u>

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ -	\$ -	\$ 180,000
Notes payable	1,873	1,873	1,559
Accounts payable	121,027	113,892	120,036
Other payables	71,075	57,186	92,575
Bonds payable	-	-	6,864
Guarantee deposits received	1,714	1,714	1,714
	<u>\$ 195,689</u>	<u>\$ 174,665</u>	<u>\$ 402,748</u>
Lease liability	<u>\$ 91,698</u>	<u>\$ 95,900</u>	<u>\$ 94,388</u>

B. Financial risk management policies

The Group's major financial instruments include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, net notes and accounts receivable, notes and accounts payable, etc. The Group's objectives when managing financial risks are to manage foreign exchange risk, price risk, interest rate risk, credit risk and liquidity risk related to its operating activities. In order to decrease the relevant financial risk, the Group focuses on identifying, evaluating and hedging market uncertainties to minimise potential adverse effects from markets on the Company's financial performance.

The Group's major financial activities are reviewed by the Board of Directors in accordance with relevant regulations and internal controls. During the implementation of financial plans, the Group must comply with the financial procedures relating to overall financial risk management and segregation of duties.

C. Significant financial risks and degrees of financial risks

(a) Market risk

The Group's operating activities exposed it primarily to financial risks, which are foreign exchange risk, interest rate risk and price risk. There have been no changes to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Exchange rate risk

- i. The Group's cash inflows and outflows are partially denominated in foreign currencies and therefore have a natural hedging effect. The Group manages exchange rate risk for hedging purposes, not for profit-making.
- ii. The Group's strategy to manage exchange rate risk is to regularly review the net position of assets and liabilities in each currency and manage the risk accordingly. Currently, trading foreign currency deposits is the main tool to hedge exchange rate risk.
- iii. As the net investments in foreign operations are considered to be strategic investments, the Company does not hedge the investments.
- iv. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: 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)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 8,576	31.99	\$ 274,346
USD:RMB	8,538	7.26	273,131
<u>Non-monetary items</u>			
USD:NTD	\$ 13,047	31.99	\$ 417,266
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 6,796	31.99	\$ 217,404
USD:RMB	1,518	7.26	48,561
<u>Non-monetary items:</u> None.			
December 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 11,447	30.69	\$ 351,308
USD:RMB	9,507	7.09	291,770
<u>Non-monetary items</u>			
USD:NTD	\$ 13,309	30.69	\$ 408,461
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 9,602	30.69	\$ 294,685
USD:RMB	2,801	7.09	85,963
<u>Non-monetary items:</u> None.			

	March 31, 2023			
	Foreign currency amount		Book value	
	(In thousands)	Exchange rate	(NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 10,204	30.43	\$	310,508
USD:RMB	7,397	6.854		225,091
<u>Non-monetary items</u>				
USD:NTD	\$ 13,067	30.43	\$	397,617
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 6,518	30.43	\$	198,343
USD:RMB	742	6.854		22,579
Non-monetary items: None.				

- v. The total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2024 and 2023 amounted to \$9,431 and (\$2,697), respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Three months ended March 31, 2024			
	Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 2,743	\$	-
USD:RMB	1%	2,731		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$ 2,174)	\$	-
USD:RMB	1%	(486)		-

Three months ended March 31, 2023				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 3,105	\$	-
USD:RMB	1%	2,251		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$ 1,983)	\$	-
USD:RMB	1%	(226)		-

Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial asset measured at fair value through profit or loss and measured at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
 - ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of financial instruments would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$1,900 and \$1,900, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$3,291 and \$3,291, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.
- (b) 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, and the contract cash flows of debt instruments stated at amortized cost.
 - ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with good credit rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing 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 utilization of credit limits is regularly monitored.

- iii. The Group adopts the assumptions under IFRS 9 that if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties ;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties ;
 - (iii) Default or delinquency in interest or principal repayments ;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable and accounts receivable. On March 31, 2024, December 31, 2023 and March 31, 2023, the provision matrix is as follows:

	Not past due	Up to 30 days	31~90 days	91~180 days	Over 180 days	Total
<u>At March 31, 2024</u>						
Expected loss rate	0.03%	0.03%	0.03%	0.03%	0.03%~100%	
Total book value	\$ 207,461	\$ 6,142	\$ 13,939	\$ 1,489	\$ 97	\$ 229,128
Loss allowance	\$ 62	\$ 2	\$ 4	\$ -	\$ -	\$ 68
	Not past due	Up to 30 days	31~90 days	91~180 days	Over 180 days	Total
<u>At December 31, 2023</u>						
Expected loss rate	0.03%	0.03%	0.03%	0.03%-46.31%	0.03%-100%	
Total book value	\$ 256,989	\$ 11,940	\$ 9,960	\$ 150	\$ 267	\$ 279,306
Loss allowance	(\$ 73)	(\$ 4)	(\$ 2)	\$ -	\$ -	(\$ 79)

	Not past due	Up to 30 days	31~90 days	91~180 days	Over 180 days	Total
<u>At March 31, 2023</u>						
Expected loss rate	0%	0%-5%	5%	20%	50%-100%	
Total book value	<u>\$ 263,455</u>	<u>\$ 33,608</u>	<u>\$ 24,712</u>	<u>\$ 12,720</u>	<u>\$ 2,015</u>	<u>\$ 336,510</u>
Loss allowance	<u>\$ -</u>	<u>\$ 1,560</u>	<u>\$ 1,236</u>	<u>\$ 2,544</u>	<u>\$ 1,007</u>	<u>\$ 6,347</u>

- ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable and other receivables are as follows:

	2024	
	Accounts receivable	Other receivable
At January 1	\$ 79	\$ -
Reversal of impairment loss	(11)	-
At March 31	<u>\$ 68</u>	<u>\$ -</u>
	2023	
	Accounts receivable	Other receivable
At January 1	\$ 1,896	\$ -
Provision for impairment	4,451	-
At March 31	<u>\$ 6,347</u>	<u>\$ -</u>

- x. Financial assets at amortized cost held by the Group are the restricted bank deposits. The credit ratings of the counterparty banks are all with high credit quality, so it expects that the risk of incurring credit losses is remote.

(c) Liquidity risk

- i. The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.
- ii. The group has the following undrawn borrowing facilities:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Floating rate:			
Expiring within one year	<u>\$ 587,509</u>	<u>\$ 508,183</u>	<u>\$ 416,505</u>

- iii. The table below analyses the Group's non-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. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Immediate payment or less than 1 month	Between 1 and 3 month(s)	Between 3 months and 1 year	Between 1 and 5 year(s)	Over 5 years	Total
At March 31, 2024						
<u>Non-derivative financial liabilities</u>						
Notes payable	\$ 28	\$ 1,845	\$ -	\$ -	\$ -	\$ 1,873
Accounts payable	51,105	53,007	16,915	-	-	121,027
Other payables	42,358	22,148	6,569	-	-	71,075
Lease liability	2,206	3,940	14,093	12,560	74,372	107,171
<u>Derivative financial liabilities:</u>	None.					
	Immediate payment or less than 1 month	Between 1 and 3 month(s)	Between 3 months and 1 year	Between 1 and 5 year(s)	Over 5 years	Total
At December 31, 2023						
<u>Non-derivative financial liabilities</u>						
Notes payable	\$ 28	\$ -	\$ 1,845	\$ -	\$ -	\$ 1,873
Accounts payable	59,858	48,441	5,593	-	-	113,892
Other payables	35,585	14,468	7,133	-	-	57,186
Lease liability	2,688	5,375	16,268	12,888	75,103	112,322
<u>Derivative financial liabilities:</u>	None.					
	payment or less than 1 month	Between 1 and 3 month(s)	Between 3 months and 1 year	Between 1 and 5 year(s)	Over 5 years	Total
At March 31, 2023						
<u>Non-derivative financial liabilities</u>						
Short-term borrowings	\$ 249	\$ 180,316	\$ -	\$ -	\$ -	\$ 180,565
Notes payable	29	1,530	-	-	-	1,559
Accounts payable	64,275	46,657	9,104	-	-	120,036
Other payables	68,275	7,138	14,224	2,938	-	92,575
Lease liability	1,989	3,978	11,442	16,196	77,298	110,903
Bonds payable	-	-	6,900	-	-	6,900
<u>Derivative financial liabilities:</u>	None.					

(3) 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. The fair value of the Group's investment in listed stocks, beneficiary certificates, on-the-run Taiwan central

government bonds, corporate bonds and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in off-the-run government bonds, corporate bonds, bank debentures, convertible bonds and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in certain derivative instruments, equity investment without active market and investment property is included in Level 3.

B. Fair value information of the Group's investment property at cost is provided in Note 6(11).

C. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables, lease liabilities (current and non-current), bonds payable and guarantee deposits received are approximate to their fair values.

D. The related information of 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, are as follows:

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

	March 31, 2024	Level 1	Level 2	Level 3	Total
Assets					
<u>Recurring fair value measurements</u>					
Financial assets at fair value through					
profit or loss					
Listed stocks		\$ 208,800	\$ -	\$ -	\$ 208,800
Financial assets at fair value through					
other comprehensive income					
Emerging stocks		22,873	-	-	22,873
Unlisted stocks		-	-	117,429	117,429
		<u>\$ 231,673</u>	<u>\$ -</u>	<u>\$ 117,429</u>	<u>\$ 349,102</u>

Liabilities

Recurring fair value measurements: None.

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 210,400	\$ -	\$ -	\$ 210,400
Financial assets at fair value through other comprehensive income				
Emerging stocks	30,658	-	-	30,658
Unlisted stocks	-	-	117,429	117,429
	<u>\$ 241,058</u>	<u>\$ -</u>	<u>\$ 117,429</u>	<u>\$ 358,487</u>

Liabilities

Recurring fair value measurements: None.

March 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 211,600	\$ -	\$ -	\$ 211,600
Financial assets at fair value through other comprehensive income				
Emerging stocks	34,882	-	-	34,882
Unlisted stocks	-	-	155,803	155,803
	<u>\$ 246,482</u>	<u>\$ -</u>	<u>\$ 155,803</u>	<u>\$ 402,285</u>

Liabilities

Recurring fair value measurements: None.

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed stock and Emerging stocks</u>
Market quoted price	Closing price

- ii. When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

E. For the three months ended March 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the three months ended March 31, 2024 and 2023:

	2024	2023
	Financial instruments	Financial instruments
At January 1	\$ 117,429	\$ 155,995
Gain or loss recognized in other comprehensive income	-	(192)
At March 31	<u>\$ 117,429</u>	<u>\$ 155,803</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at March 31, 2024 (Note)	<u>\$ -</u>	<u>\$ -</u>

Note: Recorded as non-operating income and expense.

G. For the three months ended March 31, 2024 and 2023, there was no transfer into or out from Level 3.

H. Treasury segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value. Investment property is valued regularly by the Group based on the valuation methods and assumptions announced by the Financial Supervisory Commission, Securities and Futures Bureau.

I. 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:

		<u>Fair value at March 31, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:						
Unlisted shares	\$	29,616	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares		124	Market comparable companies	Discount for lack of marketability	20.50%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares		39,988	Income approach	Discount for lack of marketability and discount for lack of control	15.70%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value
Unlisted shares		47,701	Income approach	Discount for lack of marketability and discount for lack of control	32.28%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value

		<u>Fair value at December 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:						
Unlisted shares	\$	29,616	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares		124	Market comparable companies	Discount for lack of marketability	20.50%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares		39,988	Income approach	Discount for lack of marketability and discount for lack of control	15.70%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value
Unlisted shares		47,701	Income approach	Discount for lack of marketability and discount for lack of control	32.28%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value

	Fair value at March 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 30,301	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares	526	Market comparable companies	Discount for lack of marketability	20.60%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	21,114	Income approach	Discount for lack of marketability and discount for lack of control	15.80%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value
Unlisted shares	103,862	Income approach	Discount for lack of marketability and discount for lack of control	31.84%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. Based on the assessment, there is no material impact on profit or loss or other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed.

13. Supplementary Disclosures

The transactions with subsidiaries were eliminated when preparing consolidated financial statements. The following disclosure information is for reference only.

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- 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: None.

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: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 4.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. Segment Information

(1) General information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of products. Each product has similar economic characteristics, and the products are sold through a centralised sales method, and thus the Group summarises that it has only one reportable operating segment.

(2) Measurement of segment information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of products. Each product has similar economic characteristics, and the products are sold through a centralised sales method, and thus the Group summarises that it has only one reportable operating segment. In addition, the segment information provided by the Company to the chief operating decision-maker for review is measured in a manner consistent with that in the consolidated financial statements.

	Three months ended March 31,	
	2024	2023
Revenue from external customers	\$ 268,538	\$ 322,164
Segment income	(\$ 28,273)	\$ 33,991
Segment assets (Note)	\$ 1,970,103	\$ 1,743,171

Note : Of which non-current assets do not include deferred tax assets and financial instruments.

(3) Reconciliation for segment income (loss) : None.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Loans to others
Three month ended March 31, 2024

Table 1

Expressed in thousands of NTD; thousands of USD; thousands of CNY
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended March 31,	Balance at March 31, 2024	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for creditor counterparty doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					2024								Item	Value			
1	Jiangxi FOCI Fiber Optic Communication, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	Other receivables due from related parties	Yes	\$ 96,954 (CNY 22,000)	\$ 96,954 (CNY 22,000)	\$ 96,954 (CNY 22,000)	3.45	Short-term financing	\$ -	Opertations	-	-	-	\$ 104,956 (Note 4)	\$ 104,956 (Note 4)	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Fill in the maximum outstanding balance of loans to others during the three months ended March 31, 2024.

Note 3: The column of ‘Nature of loan’ shall fill in ‘Business transaction or ‘Short-term financing’.

Note 4: For loans granted by Jiangxi FOCI Fiber Optic Communication, Inc. to companies whoes voting rights are 100% directly or indirectly owned by the parent company, ceiling on total loans granted is the net assests of Jiangxi FOCI Fiber Optic Communication, Inc.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Three month ended March 31, 2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/ guaranteed		Limit on endorsements/guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of March 31, 2024	Outstanding endorsement/ guarantee amount at March 31, 2024	Actual amount drawn down	Amount of endorsements/guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company (%)	Ceiling on total amount of endorsements/guarantees provided (Note 3)	Provision of endorsements/g uarantees by parent company to subsidiary	Provision of endorsements/g uarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/guarantor (Note 2)											
0	The Company	Shanghai FOCI Fiber Optic Communications, Inc.	2	\$ 618,102	\$ 35,256	\$ 35,256	\$ -	\$ -	1.71%	\$ 1,030,170	Y	N	Y	
0	The Company	Zhongshan FOCI Fiber Optic Communications, Inc.	2	618,102	44,070	44,070	-	-	2.14%	\$ 1,030,170	Y	N	Y	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Ceiling on total amount of endorsements/guarantees provided by the Company shall not exceed 50% of its current net assets. Limit on endorsements/guarantees provided for a single party shall not exceed 20% of its current net assets, and for a single foreign affiliated company shall not exceed 30% of net assets.

If the endorsements/guarantees are provided because of having business relationship, the amount of endorsements/guarantees shall not exceed the total transaction amount with the Company in the latest year.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

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

March 31, 2024

Table 3

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	Book value	Ownership (%)	Fair value	Footnote
				shares/units (thousands of shares/units)				
FOCI Fiber Optic Communications, Inc.	APEX OPTTECH CORPORATION	None	Financial assets at fair value through other comprehensive income	99	\$ 1,576	3.95%	\$ 1,576	
FOCI Fiber Optic Communications, Inc.	APEX BVI	None	Financial assets at fair value through other comprehensive income	155	-	1.83%	-	
FOCI Fiber Optic Communications, Inc.	DARJUN VENTURE CORPORATION	None	Financial assets at fair value through other comprehensive income	2,738	28,040	5.78%	28,040	
FOCI Fiber Optic Communications, Inc.	GINGY Technology Inc.	None	Financial assets at fair value through other comprehensive income	62	124	0.67%	124	
FOCI Fiber Optic Communications, Inc.	Xsense Technology Corporation, INC.	None	Financial assets at fair value through other comprehensive income	2,263	39,988	9.84%	39,988	
FOCI Fiber Optic Communications, Inc.	Aptos Technology Inc.	None	Financial assets at fair value through other comprehensive income	9,000	47,701	14.91%	47,701	
FOCI Fiber Optic Communications, Inc.	ADVAGENE BIOPHARMA CO., LTD.	None	Financial assets at fair value through other comprehensive income	1,207	22,873	2.26%	22,873	
FOCI Fiber Optic Communications, Inc.	United Microelectronics Corporation	None	Financial assets at fair value through profit or loss	4,000	208,800	0.03%	208,800	

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
Three month ended March 31, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Purchase	\$ 76,322	Note 5	28%
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Sales	53,526	Note 5	20%
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Accounts payable	94,408	Note 5	4%
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Accounts receivable	32,307	Note 5	1%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Purchase	65,069	Note 5	24%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Sales	21,548	Note 5	8%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Accounts payable	91,056	Note 5	4%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Accounts receivable	13,063	Note 5	1%
1	Jiangxi FOCI Fiber Optic Communication, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	3	Accounts receivable	4,590	Note 5	0%
1	Jiangxi FOCI Fiber Optic Communication, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	3	Other receivables	96,954	Note 6	4%
2	Shanghai FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	3	Purchase	3,232	Note 5	1%
2	Shanghai FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	3	Accounts payable	1,374	Note 5	0%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: The price of related party transactions was based on the mutual agreement, the collecting and payment terms were 60~90 days after the date of sales or purchase.

Note 6: It refers to loans between subsidiaries.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Information on investees

Three month ended March 31, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2024			Net income of investee as of March 31, 2024	Investment income(loss) recognised by the Company for the year ended March 31, 2024	Footnote
				Balance as at March 31, 2024	Balance as at December 31, 2023	Number of shares (shares)	Ownership (%)	Book value			
FOCI Fiber Optic Communications, Inc.	FIOPTec Inc.	Cayman Islands	Investment business	\$ 389,004	\$ 389,004	12,200,000	100%	\$ 417,266	\$ 1,359	\$ 1,359	
FOCI Fiber Optic Communications, Inc.	BKS TEC Corp.	Taiwan	Optoelectronic industry	21,420	21,420	600,000	11.07%	5,154 (	13,457) (	1,490)	Note 1

Note 1: On February 27, 2024, the shareholders of the BKS TEC Corp. resolved to reduce its capital to offset accumulated deficits. Per thousand shares decreased 900 shares, and the capital reduction ratio was 90%. The effective date for the capital reduction was intended to be set on March 4, 2024.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Information on investments in Mainland China

Three month ended March 31, 2024

Table 6

Expressed in thousands of NTD; thousands of USD; thousands of CYN

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated	Amount remitted from Taiwan to		Accumulated	Net income of	Ownership held	Investment income	Book value of	Accumulated	Footnote
				amount of	Mainland China/Amount remitted	amount of	investment income						
				remittance from	back to Taiwan for the year ended	remittance from	(loss) recognised by						
				Taiwan to Mainland	March 31, 2024		Taiwan to Mainland	investee as of	by the	the Company for the	investments in	amount of	
				China as of March	Remitted to	Remitted back to	China as of March	March 31, 2024	(direct or	year ended March	Mainland China as	investment income	
				31, 2024	Mainland China	Taiwan	31, 2024	March 31, 2024	indirect)	31, 2024 (Note 3)	of March 31, 2024	remitted back to	
												Taiwan as of	
												March 31, 2024	
Shanghai FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	USD 7,200	Note 1	\$ 239,388 (USD 7,200)	\$ -	\$ -	\$ 239,388 (USD 7,200)	\$ 1,045	100%	\$ 1,045	\$ 312,311	\$ 105,109	
Jiangxi FOCI Fiber Optic Communication, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	USD 5,000	Note 1	149,616 (USD 5,000)	-	-	149,616 (USD 5,000)	314	100%	314	104,956	-	
Zhongshan FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	CNY 20,000	Note 2	-	-	-	-	1,759	100%	1,759	85,199	-	
								</					

Note 1: Reinvestments in Mainland China company through FIOPTEC INC.

Note 2: Reinvestment in Mainland China company through Shanghai FOCI Fiber Optic Communications, Inc.

Note 3: The financial statements of Shanghai FOCI Fiber Optic Communications, Inc. and Zhongshan FOCI Fiber Optic Communications, Inc. were reviewed and calculated by the parent company's CPA in the same period.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Major shareholders information

March 31, 2024

Table 7

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Song-fure Lin	5,124,102	5.19%