FOCI FIBER OPTIC COMMUNICATIONS, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2024 AND 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR24003251

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

Opinion

We have audited the accompanying parent company only balance sheets of FOCI Fiber Optic Communications, Inc. as at December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of FOCI Fiber Optic Communications, Inc. as at December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of FOCI Fiber Optic Communications, Inc. in accordance with Norm of Professional Ethics for Certified Public

Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Assessment of Inventory Valuation

Description of key audit matter

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses, and Note 6(6) for details of inventories. FOCI Fiber Optic Communications, Inc. is primarily engaged in researching, developing, manufacturing, selling of optical fiber communication. Due to the rapid innovations in communication technology and the highly competitive market, there was a higher risk of incurring inventory loss on decline in market value or having obsolete inventory. Given that the net realisable value used in the inventory valuation usually involved subjective judgement and estimation uncertainty, and the inventories were material to the financial statements, we considered the inventory valuation as one of the key audit matters.

How the matter was addressed in our audit

In relation to the key audit matter above, our principal audit procedures are as follows:

1. Obtained an understanding on the Company's operations and its industry characteristic to assess the reasonableness of the Company's policies on and procedures for allowance for inventory valuation losses.
2. Assessed and tested the reasonableness of the basis of net realisable value used by management and the accuracy of the net realisable value calculation.
3. Acquired management's individually identified obsolete or damaged inventory list, inspected the related supporting documents and proper recognition in the financial statements.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing FOCI Fiber Optic Communications, Inc.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate FOCI Fiber Optic Communications, Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing FOCI Fiber Optic Communications, Inc.'s financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FOCI Fiber Optic Communications, Inc.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of

accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on FOCI Fiber Optic Communications, Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within FOCI Fiber Optic Communications, Inc. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Shu-Chien Pai	Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan

February 20, 2025

The accompanying 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 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.
BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,265,014	43	$ 729,191	28
1110	Financial assets at fair value through profit or loss - current	6(2)	43,050	2	210,400	8
1150	Notes receivable, net	6(5)	2,461	-	641	-
1170	Accounts receivable, net	6(5)	270,780	9	263,390	10
1180	Accounts receivable - related parties	6(5) and 7	51,477	2	81,307	3
1200	Other receivables		8,657	-	1,504	-
1210	Other receivables - related parties	7	-	-	1,856	-
130X	Inventories	6(6)	219,170	7	200,171	8
1470	Other current assets		28,972	1	7,064	1
11XX	**Current Assets**		1,889,581	64	1,495,524	58
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	100,455	3	148,087	6
1535	Non-current financial assets at amortised cost, net	6(4) and 8	2,939	-	2,939	-
1550	Investments accounted for using equity method	6(7)	318,438	11	415,105	16
1600	Property, plant and equipment	6(8)	435,866	15	311,677	12
1755	Right-of-use assets	6(9)	70,953	2	74,728	3
1760	Investment property - net	6(11)	49,724	2	51,405	2
1780	Intangible assets		31,394	1	7,243	-
1840	Deferred income tax assets	6(27)	50,786	2	25,212	1
1900	Other non-current assets	6(12) and 7	6,385	-	54,451	2
15XX	**Non-current assets**		1,066,940	36	1,090,847	42
1XXX	**Total assets**		$ 2,956,521	100	$ 2,586,371	100

(Continued)

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

	Liabilities and Equity	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(20)	$ 8,616	-	$ 2,256	-
2150	Notes payable		1,905	-	1,873	-
2170	Accounts payable		28,362	1	43,781	2
2180	Accounts payable - related parties	7	212,421	7	272,752	11
2200	Other payables	6(13) and 7	80,901	3	38,265	1
2250	Current provisions		11,004	1	5,200	-
2280	Current lease liabilities		2,737	-	3,449	-
2300	Other current liabilities		1,995	-	1,551	-
21XX	**Current Liabilities**		347,941	12	369,127	14
	Non-current liabilities					
2570	Deferred tax liabilities	6(27)	5,612	-	3,926	-
2580	Non-current lease liabilities		70,618	2	73,355	3
2600	Other non-current liabilities		1,714	-	1,714	-
25XX	**Non-current liabilities**		77,944	2	78,995	3
2XXX	**Total Liabilities**		425,885	14	448,122	17
	Equity					
	Share capital	6(16)				
3110	Share capital - common stock		1,036,406	35	986,406	38
	Capital surplus	6(17)				
3200	Capital surplus		1,439,857	49	1,017,177	39
	Retained earnings	6(18)				
3310	Legal reserve		136,341	5	135,135	5
3320	Special reserve		221,187	8	168,227	7
3350	(Accumulated deficit) Unappropriated retained earnings		(81,442)	(3)	54,166	2
	Other equity interest	6(19)				
3400	Other equity interest		(221,713)	(8)	(222,862)	(8)
3XXX	**Total equity**		2,530,636	86	2,138,249	83
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 2,956,521	100	$ 2,586,371	100

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

FOCI FIBER OPTIC COMMUNICATIONS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Items	Notes	2024 AMOUNT	2024 %	2023 AMOUNT	2023 %
			Year ended December 31			
4000	Sales revenue	6(20)	$ 1,314,337	100	$ 1,218,658	100
5000	Operating costs	6(6)(25)(26)	(1,190,316)	(90)	(1,086,593)	(89)
5900	Net operating margin		124,021	10	132,065	11
5910	Unrealized loss (profit) from sales		1,172	-	(6)	-
5920	Realized profit on from sales		6	-	-	-
5950	Net operating margin		125,199	10	132,059	11
	Operating expenses	6(25)(26)				
6100	Selling expenses		(25,370)	(2)	(23,293)	(2)
6200	General and administrative expenses		(72,063)	(6)	(70,852)	(6)
6300	Research and development expenses		(146,640)	(11)	(109,775)	(9)
6450	Expected credit gains	12(2)	(6)	-	1,750	-
6000	Total operating expenses		(244,079)	(19)	(202,170)	(17)
6900	Operating loss		(118,880)	(9)	(70,111)	(6)
	Non-operating income and expenses					
7100	Interest income	6(21)	12,587	1	5,709	1
7010	Other income	6(22)	7,647	1	16,821	1
7020	Other gains and losses	6(23)	3,232	-	42,284	3
7050	Finance costs	6(24)	(1,387)	-	(4,219)	-
7070	Share of profit of associates and joint ventures accounted for using equity method	6(7)	28,658	2	7,348	1
7000	Total non-operating income and expenses		50,737	4	67,943	6
7900	**Loss before income tax**		(68,143)	(5)	(2,168)	-
7950	Income tax benefit	6(27)	19,871	1	14,226	1
8200	**(Loss) profit for the year**		($ 48,272)	(4)	$ 12,058	1
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(19)	($ 47,501)	(3)	($ 44,177)	(3)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(19)	19,350	1	(13,072)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(19)(27)	(3,870)	-	2,614	-
8300	**Other comprehensive loss for the year**		($ 32,021)	(2)	($ 54,635)	(4)
8500	**Total comprehensive loss for the year**		($ 80,293)	(6)	($ 42,577)	(3)
	Basic earnings (loss) per share	6(28)				
9750	Basic earnings (loss) per share		($ 0.48)		$ 0.13	
	Diluted earnings (loss) per share	6(28)				
9850	Diluted earnings (loss) per share		($ 0.48)		$ 0.13	

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

FOCI FIBER OPTIC COMMUNICATIONS, INC.
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated retained earnings (accumulated deficit)	Other equity interest: Financial statements translation differences of foreign operations	Other equity interest: Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total equity
2023										
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 year		-	-	-	-	12,058	-	-	-	12,058
Other comprehensive loss for the year		-	-	-	-	-	(10,458)	(44,177)	-	(54,635)
Total comprehensive income (loss)		-	-	-	-	12,058	(10,458)	(44,177)	-	(42,577)
Appropriation and distribution of 2022 earnings	6(18)									
Legal reserve		-	-	4,702	-	(4,702)	-	-	-	-
Special reserve		-	-	-	(2,359)	2,359	-	-	-	-
Cash dividends		-	-	-	-	(44,313)	-	-	-	(44,313)
Convertible corporate bond conversion	6(16)(17)	3,040	3,852	-	-	-	-	-	-	6,892
Cash capital increase	6(16)(17)	100,000	428,000	-	-	-	-	-	-	528,000
Share-based payments	6(15)(17)(26)	-	29,744	-	-	-	-	-	-	29,744
Balance at December 31, 2023		$ 986,406	$1,017,177	$ 135,135	$ 168,227	$ 54,166	($ 41,894)	($ 180,968)	$ -	$2,138,249
2024										
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 year		-	-	-	-	(48,272)	-	-	-	(48,272)
Other comprehensive income (loss) for the year		-	-	-	-	-	15,480	(47,501)	-	(32,021)
Total comprehensive income		-	-	-	-	(48,272)	15,480	(47,501)	-	(80,293)
Appropriation and distribution of 2023 earnings	6(18)									
Legal reserve		-	-	1,206	-	(1,206)	-	-	-	-
Special reserve		-	-	-	52,960	(52,960)	-	-	-	-
Cash capital increase	6(16)(17)	50,000	472,000	-	-	-	-	-	-	522,000
Capital surplus used to issue cash	6(17)	-	(49,320)	-	-	-	-	-	-	(49,320)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	6(3)(19)	-	-	-	-	(33,170)	-	33,170	-	-
Balance at December 31, 2024		$1,036,406	$1,439,857	$ 136,341	$ 221,187	($ 81,442)	($ 26,414)	($ 195,299)	$ -	$2,530,636

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

FOCI FIBER OPTIC COMMUNICATIONS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 68,143)	($ 2,168)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(11)(25)	77,556	70,132
Amortisation expense	6(25)	13,866	1,655
Expected credit gains	12(2)	6	(1,750)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(23)	(1,620)	(47,600)
Interest expense	6(24)	1,387	4,219
Interest income	6(21)	(12,587)	(5,709)
Dividend income	6(3)(22)	(4,500)	(15,223)
Share-based payments	6(15)(26)	-	29,744
Share of profits of subsidiaries, associates and joint ventures	6(7)	(28,658)	(7,348)
Loss (gain) on disposal of property, plant and equipment	6(23)	(101)	3,189
Losses on disposals of investments	6(23)	4,500	-
Impairment loss of investments accounted for using equity method	6(23)	-	3,790
Reversal of impairment loss recognised in profit or loss, property, plant and equipment	6(23)	(689)	-
Unrealized (realized) gains with subsidiaries		(1,178)	6
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(1,820)	(549)
Accounts receivable		(7,396)	40,877
Accounts receivable from related parties		29,830	(20,017)
Other receivables		(2,966)	(434)
Other receivables from related parties		1,856	(3,240)
Inventories		(18,999)	36,591
Other current assets		(21,908)	(531)
Changes in operating liabilities			
Notes payable		32	327
Accounts payable		(15,419)	8,040
Accounts payable - related parties		(60,331)	46,333
Other payables		14,820	(10,903)
Current contract liabilities		6,360	(3,833)
Current provisions		5,804	5,200
Other current liabilities		444	(134)
Cash (outflow) inflow generated from operations		(89,854)	130,664
Dividends received	6(3)	43,962	15,223
Income taxes paid		(7,968)	(12,140)
Net cash flows (used in) from operating activities		(53,860)	133,747

(Continued)

FOCI FIBER OPTIC COMMUNICATIONS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss		$ 168,970	$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	611	-
Proceeds from capital reduction of investments accounted for using equity method	6(7)	97,560	86,526
Acquisition of property, plant and equipment	6(29)	(168,030)	(53,278)
Proceeds from disposal of property, plant, and equipment		301	1,158
Acquisition of intangible assets		(38,017)	(6,092)
Decrease in guarantee deposits paid		187	2,468
Decrease (increase) in prepayments for equipment		46,786	(49,065)
Decrease in other non-current assets		1,093	-
Interest received		12,351	5,018
Net cash flows from (used in) investing activities		121,812	(13,265)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(30)	-	460,000
Decrease in short-term loans	6(30)	-	(640,000)
Payments of lease liabilities	6(30)	(3,449)	(5,054)
Cash dividends paid	6(18)(29)	(49,293)	(44,313)
Cash capital increase	6(16)	522,000	528,000
Interest paid		(1,387)	(4,244)
Net cash flows from financing activities		467,871	294,389
Net increase in cash and cash equivalents		535,823	414,871
Cash and cash equivalents at beginning of year		729,191	314,320
Cash and cash equivalents at end of year		$ 1,265,014	$ 729,191

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

FOCI FIBER OPTIC COMMUNICATIONS, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 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 is 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 parent company only Financial Statements and Procedures for Authorization

These parent company only financial statements were authorized for issuance by the Board of Directors on February 20, 2025.

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 Company's financial condition and financial performance based on the Company'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 Company

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs 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 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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. The quantitative impact will be disclosed when the assessment is complete:

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 parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(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 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 Company'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) Foreign currency translation

The parent company only financial statements are presented in New Taiwan Dollar, which is the Company's functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the Company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognized in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. Restricted bank deposits are classified as financial assets at amortized cost due to not meeting the definition of cash and cash equivalents.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Leasing arrangements (lessor)－lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the gross investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognized as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using equity method / Subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains or losses arising from transactions between the Company and subsidiaries are eliminated. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized' in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless evidence show an impairment of the asset transferred from the transaction. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionally, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investment accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

K. When the Company disposes its investment in an associate and loses significant influence over the associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amount previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

L. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the financial statements prepared on a consolidation basis. Owners' equity in the parent company only financial statements shall be equal to equity attributable to owners of the parent in the financial statements prepared on a consolidation basis.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 55 years
Machinery and equipment	3 ~ 10 years
R&D equipment	3 ~ 6 years
Transportation equipment	5 ~ 10 years
Office equipment	5 ~ 10 years
Miscellaneous equipment	3 ~ 10 years

(16) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Variable lease payments that depend on an index or a rate;

(c) Amounts expected to be payable by the lessee under residual value guarantees;

(d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 8 ~ 55 years.

(18) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 years.

(19) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Convertible bonds payable

A. Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

(a)The embedded call options and put options are recognized' initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized' as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

(b)The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

(c)The embedded conversion options which meet the definition of an equity instrument are initially recognized in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

(d)Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

(e)When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total carrying amount of the abovementioned liability component and 'capital surplus—share options'.

(22) <u>Derecognition of financial liabilities</u>

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(23) <u>Non-hedging and embedded derivatives</u>

A. Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognized as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost based on the contract terms.

C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(24) <u>Employee benefits</u>

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(25) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(27) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their carrying amount and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(29) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells various optical fiber passive components, optical fiber testing instruments, and optical fiber application systems. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) As the time interval between the transfer of committed goods or services to the customer and the payment of customer does not exceed one year, the Company does not adjusted the transaction price to reflect the time value of money.

(c) Accounts receivable are recognized when the goods are delivered to the customer because the Company has unconditional rights to the contract price from that point in time. The consideration can be collected from the customer only after time passes.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognizes the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1)Critical judgements in applying the Company's accounting policies

None.

(2)Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2024, the carrying amount of inventories was $219,170.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and petty cash	$ 100	$ 50
Checking accounts and demand deposits	132,914	52,973
Time deposits	1,132,000	676,168
Total	$ 1,265,014	$ 729,191

A. The Company 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 Company'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

	December 31, 2024	December 31, 2023
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 59,365	$ 237,460
Valuation adjustment	(16,315)	(27,060)
	$ 43,050	$ 210,400

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

	Years ended December 31,	
Items	2024	2023
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	$ 1,620	$ 47,600

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

Items	December 31, 2024	December 31, 2023
Non-current items:		
Equity instruments		
Emerging stocks	$ 68,463	$ 69,911
Unlisted stocks	227,291	259,144
Valuation adjustment	(195,299)	(180,968)
Total	$ 100,455	$ 148,087

A. The Company 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 $100,455 and $148,087 as at December 31, 2024 and 2023, respectively.

B. The Company disposed financial assets at fair value through other comprehensive income – equity instruments whose fair value was $611 for the year ended December 31, 2024. The cumulative losses on disposal of $33,170 was transferred from other equity to retained earnings.

C. 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	Years ended December 31, 2024	2023
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	($ 47,501)	($ 44,177)
Dividend income recognized in profit or loss held at the end of the current period	$ 4,500	$ 15,223
Cumulative profits (losses) transferred to retained earnings due to derecognition	$ 33,170	$ -

(4) Financial assets at amortized cost

Items	December 31, 2024	December 31, 2023
Non-current items:		
Time deposits	$ 2,939	$ 2,939

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

Items	Years ended December 31, 2024	2023
Interest income	$ 48	$ 23

B. As at December 31, 2024 and 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 Company 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 Company's investments in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

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

(5) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	$ 2,461	$ 641
Accounts receivable - general customers	270,861	263,465
Accounts receivable due from related parties	51,477	81,307
	324,799	345,413
Less: Allowance for uncollectible accounts	(81)	(75)
	$ 324,718	$ 345,338

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

	December 31, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 299,319	$ 2,461	$ 309,812	$ 641
Up to 30 days	16,458	-	9,965	-
31 to 90 days	6,362	-	24,578	-
91 to 180 days	8	-	150	-
Over 180 days	191	-	267	-
	$ 322,338	$ 2,461	$ 344,772	$ 641

The above ageing analysis was based on past due date.

B. As of December 31, 2024 and 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 $363,899.

C. As at December 31, 2024 and 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 Company's notes and accounts receivable was $2,461 and $641; $322,257 and $344,697, respectively.

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

(6) Inventories

	December 31, 2024	December 31, 2023
Finished goods	$ 197,264	$ 193,104
Work in progress	21,973	6,885
Raw materials	16,474	15,139
	235,711	215,128
Allowance for inventory valuation losses	(16,541)	(14,957)
Total	$ 219,170	$ 200,171

The cost of inventories recognized as expense for the period:

	Years ended December 31,	
Items	2024	2023
Cost of goods sold	$ 1,186,890	$ 1,085,160
Gain on reversal of in market value	1,584	(2,328)
Loss on scrapping inventory	161	1,638
Lease cost	1,681	2,123
	$ 1,190,316	$ 1,086,593

For the year ended December 31, 2023, the Company reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of active inventory closeout.

(7) Investments accounted for using equity method

	December 31, 2024	December 31, 2023
Subsidiary		
FIOPTEC Inc. (Cayman Island)	$ 318,438	$ 408,461
Associate		
BKS TEC Corp.	-	6,644
Total	$ 318,438	$ 415,105

A. Subsidiary

(a) For information on the Company’s subsidiaries, please refer to Note 4(3) of the Company’s 2024 consolidated financial statements.

(b) The Board of Directors of FIOPTEC Inc. approved the cash capital reduction and returned $86,526 in 2022. The returned proceeds were actually remitted back in 2023.

(c) The Board of Directors of FIOPTEC Inc. approved the cash capital reduction and returned $97,560 in 2024. The returned proceeds were actually remitted back in 2024.

B. BKS TEC Corp. increased its capital on April 1, 2024. The Company did not participate in the capital increase. As a result, the Company decreased its share interest from 11.07% to 3.89%. In addition, BKS TEC Corp. held an annual shareholders’ meeting and re-elected directors on June 25, 2024 and the Company is no longer a director of the entity. Therefore, the Company lost significant influence over the entity starting from the date based on the judgement. The investments were transferred to financial assets at fair value through other comprehensive income and losses on disposals of investments amounting to $4,500 were recognised.

C. Individually immaterial associate

On December 31, 2023, the Company held 11.07% equity interests in BKS TEC Corp. and held 1 seat in the Board of Directors, and thus the Company was considered to have significant influence over BKS TEC Corp.

D. Based on the Company’s assessment, an impairment loss of $3,790 was recognized due to the recoverable amount of BKS TEC Corp. being 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	Unfinished construction and equipment under acceptance	Total
Cost							
Opening net book amount as at January 1	$ 371,581	$ 198,211	$ 93,141	$ -	$ 1,896	$ 13,385	$ 678,214
Additions for the year	4,317	49,486	19,636	685	3,489	118,206	195,819
Disposals for the year	(242)	(30,522)	(11,462)	-	(758)	-	(42,984)
Reclassifications in the year	-	11,385	2,000	-	-	(13,385)	-
At December 31	$ 375,656	$ 228,560	$ 103,315	$ 685	$ 4,627	$ 118,206	$ 831,049
Accumulated depreciation and impairment							
At January 1	$ 174,353	$ 147,244	$ 43,616	$ -	$ 1,324	$ -	$ 366,537
Depreciation expense for the year	13,227	34,033	24,311	57	472	-	72,100
Disposals for the year	(242)	(30,303)	(11,462)	-	(758)	-	(42,765)
Reversal of impairment loss	-	(689)	-	-	-	-	(689)
Closing net book amount as at December 31	187,338	150,285	56,465	57	1,038	-	395,183
Net amount	$ 188,318	$ 78,275	$ 46,850	$ 628	$ 3,589	$ 118,206	$ 435,866

	2023						
	Buildings and structures	Machinery and equipment	Research and development equipment	Transportation equipment	Office equipment	Unfinished construction and equipment under acceptance	Total
Cost							
Opening net book amount as at January 1	$ 387,888	$ 189,445	$ 77,185	$ 590	$ 2,640	$ -	$ 657,748
Additions for the year	7,979	1,579	30,493	-	-	13,385	53,436
Disposals for the year	(24,286)	(2,001)	(5,846)	(590)	(744)	-	(33,467)
Reclassifications in the year	-	9,188	(8,691)	-	-	-	497
At December 31	$ 371,581	$ 198,211	$ 93,141	$ -	$ 1,896	$ 13,385	$ 678,214
Accumulated depreciation and impairment							
At January 1	$ 178,630	$ 110,575	$ 41,555	$ 409	$ 1,513	$ -	$ 332,682
Depreciation expense for the year	15,968	29,070	17,456	101	380	-	62,975
Disposals for the year	(20,245)	(1,950)	(5,846)	(510)	(569)	-	(29,120)
Reclassifications in the year	-	9,549	(9,549)	-	-	-	-
Closing net book amount as at December 31	174,353	147,244	43,616	-	1,324	-	366,537
Net amount	$ 197,228	$ 50,967	$ 49,525	$ -	$ 572	$ 13,385	$ 311,677

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 Company’s own use and not for lease.

(9) Leasing arrangements—lessee

A. The Company leases various assets including land, buildings, business vehicles. 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:

	December 31, 2024	December 31, 2023
	Carrying amount	Carrying amount
Land	$ 70,280	$ 72,650
Transportation equipment (Business vehicles)	673	2,078
	$ 70,953	$ 74,728

	Years ended December 31,	
	2024	2023
	Depreciation charge	Depreciation charge
Land	$ 2,369	$ 2,369
Transportation equipment (Business vehicles)	1,406	1,426
Buildings	-	907
Research and development equipment	-	332
	$ 3,775	$ 5,034

C. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were $0 and $325, respectively.

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

	Years ended December 31,	
	2024	2023
Items affecting profit or loss		
Interest expense on lease liabilities	$ 922	$ 977
Expense on short-term lease contracts	225	110
Expense on leases of low-value assets	276	327
Total	$ 1,423	$ 1,414

For the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases were $4,872 and $6,468, respectively.

(10) Leasing arrangements – lessor

A. The Company 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 years ended December 31, 2024 and 2023, the Company recognized rent income in the amounts of $10,530 and $10,528, 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:

	December 31, 2024	December 31, 2023
Not later than one year	$ 4,255	$ 10,169
Later than one year but not later than five years	223	4,035
Total	$ 4,478	$ 14,204

(11) Investment property

	December 31, 2024	December 31, 2023
Buildings and structures		
Cost		
Equity at beginning of year/ Equity at end of year	$ 94,436	$ 94,436
Accumulated depreciation		
Equity at beginning of year	43,031	40,908
Additions for the year	1,681	2,123
Equity at end of year	44,712	43,031
Closing net book amount as at December 31	$ 49,724	$ 51,405

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

	Years ended December 31,	
	2024	2023
Rental income from investment property	$ 10,530	$ 10,528
Direct operating expenses arising from the investment property that generated rental income during the period	$ 1,681	$ 2,123

B. The fair value of the investment property held by the Company as at December 31, 2024 and 2023 was $92,047 and $92,672, respectively, which was valued by the Company using the income approach which is categorized within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	December 31, 2024	December 31, 2023
Discount rate	2.470%	2.345%

(12) Other non-current assets

	December 31, 2024	December 31, 2023
Prepayments for business facilities	$ 5,699	$ 52,485
Guarantee deposits paid	48	235
Other assets	638	1,731
Total	$ 6,385	$ 54,451

(13) Other payables

	December 31, 2024	December 31, 2023
Salaries and bonuses payable	$ 23,720	$ 17,943
Payable on equipment	33,043	5,254
Pension expense payable	2,098	1,702
Dividends payable	27	-
Others	22,013	13,366
	$ 80,901	$ 38,265

(14) 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 pension costs under defined contribution pension plans of the Company for the years ended December 31, 2024 and 2023 were $7,725 and $6,957, respectively.

(15) Share-based payment

A. For the years ended December 31, 2024 and 2023, the Company'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 Company during their meeting on August 3, 2023 adopted a resolution to increase the Company's capital by issuing 10,000 thousand ordinary shares. The Company 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 given up for subscriptions by the employees or undersubscribed at the issuing price.

B. The Company'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	$ 52.80	$ 21.20

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

	Year ended December 31, 2023
Equity-settled	29,744

D. For the year ended December 31, 2024, the Group had no share-based payment arrangements.

(16) Share capital

A. As of December 31, 2024, the Company's authorized capital was $1,800,000, consisting of 180,000 thousand shares of ordinary stock (including 6,000 thousand shares reserved for employee stock options), and the paid-in capital was $1,036,406 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	98,641	88,337
Convertible bonds converted to ordinary shares	-	304
Cash capital increase	5,000	10,000
At December 31	103,641	98,641

B. The convertible bonds of the Company amounting to $400,000 are with a coupon rate of 0%, covering a 5-year period of issuance and a circulation period from September 6, 2018 to September 6, 2023. The convertible bonds had been fully converted into 15,192,422 ordinary shares as of December 31, 2023.

C. 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.

D. The Board of Directors of the Company during their meeting on June 11, 2024 adopted a resolution to raise additional cash through private placement by issuing 5,000 thousand ordinary shares with a par value of NT$10 (in dollars) per share, the issuing price was NT$104.4 (in dollars) per share and $522,000 in total. The effective date of the capital increase was set on June 25, 2024. Proceeds had been fully collected and the registration for the change had been completed.

(17) 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)
Cash capital increase	472,000	-	-	472,000
At December 31	$ 1,437,824	$ 1,775	$ 258	$ 1,439,857

	2023				
	Share premium	Stock options	Changes in ownership interests in subsidiaries	Gains on disposals of fixed assets and others	Total
At January 1	$ 553,074	$ 474	$ 1,775	$ 258	$ 555,581
Bonds converted by the issuing company	4,326	(474)	-	-	3,852
Cash capital increase	457,744	(29,744)	-	-	428,000
Share-based payments	-	29,744	-	-	29,744
At December 31	$1,015,144	$ -	$ 1,775	$ 258	$ 1,017,177

(18) 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 shareholders' meeting on May 30, 2023 adopted a resolution on the distribution of 2022 earnings, appropriating $4,702 as legal reserve and $2,359 as special reserve, 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.

H. The Board of Directors on February 22, 2024 and the shareholder's meeting on May 30, 2024 adopted a resolution on the distribution of 2023 earnings, appropriating $1,206 as legal reserve and $52,960 as special reserve.

(19) Other equity items

	2024		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	($ 41,894)	($ 180,968)	($ 222,862)
Revaluation – gross	-	(47,501)	(47,501)
Revaluation transferred to retained earnings – gross	-	33,170	33,170
Currency translation differences:			
–Group	19,350	-	19,350
–Tax on Group	(3,870)	-	(3,870)
At December 31	($ 26,414)	($ 195,299)	($ 221,713)

	2023		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	($ 31,436)	($ 136,791)	($ 168,227)
Revaluation – gross	-	(44,177)	(44,177)
Currency translation differences:			
–Group	(13,072)	-	(13,072)
–Tax on Group	2,614	-	2,614
At December 31	($ 41,894)	($ 180,968)	($ 222,862)

(20) Operating revenue

	Years ended December 31,	
	2024	2023
Revenue from contracts with customers	$ 1,303,807	$ 1,208,130
Others－lease revenue	10,530	10,528
Total	$ 1,314,337	$ 1,218,658

A. Disaggregation of revenue from contracts with customers

The Company 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:

Year ended December 31, 2024	Taiwan	China	America	Asia	Other regions	Total
Revenue from external customer contracts	$ 141,181	$ 16,375	$ 1,060,644	$ 63,834	$ 21,773	$ 1,303,807

Year ended December 31, 2023	Taiwan	China	America	Asia	Other regions	Total
Revenue from external customer contracts	$ 167,282	$ 34,688	$ 852,685	$ 122,157	$ 31,318	$ 1,208,130

B. Contract assets and liabilities

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

	December 31, 2024	December 31, 2023	January 1, 2023
Product sales contracts	$ 8,616	$ 2,256	$ 6,089

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

	Years ended December 31,	
	2024	2023
Product sales contracts	$ 2,168	$ 5,727

(21) Interest income

	Years ended December 31, 2024	Years ended December 31, 2023
Interest income from bank deposits	$ 12,539	$ 5,686
Interest income from financial assets measured at amortised cost	48	23
	$ 12,587	$ 5,709

(22) Other income

	Years ended December 31, 2024	Years ended December 31, 2023
Dividend income	$ 4,500	$ 15,223
Other income, others	3,147	1,598
	$ 7,647	$ 16,821

(23) Other gains and losses

	Years ended December 31, 2024	Years ended December 31, 2023
Losses on disposals of property, plant and equipment	$ 101	($ 3,189)
Losses on disposals of investments	(4,500)	-
Foreign exchange gains	6,862	1,791
Gains on financial assets and liabilities at fair value through profit or loss	1,620	47,600
Reversal of impairment loss recognised in profit or loss, property, plant and equipment	689	-
Impairment loss of investments accounted for using equity method	-	(3,790)
Other gains and losses	(1,540)	(128)
	$ 3,232	$ 42,284

(24) Finance costs

	Years ended December 31, 2024	Years ended December 31, 2023
Interest expense	$ 1,387	$ 4,219

(25) Expenses by nature

	Years ended December 31, 2024	Years ended December 31, 2023
Employee benefit expense	$ 205,122	$ 198,082
Depreciation charges	77,556	70,132
Amortisation charges	13,866	1,655
	$ 296,544	$ 269,869

(26) Employee benefit expense

	Years ended December 31,	
	2024	2023
Wages and salaries	$ 166,631	$ 135,358
Share-based payments	-	29,744
Labour and health insurance fees	16,013	14,358
Directors' remuneration	3,797	3,790
Pension costs	7,725	6,957
Other personnel expenses	10,956	7,875
	$ 205,122	$ 198,082

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 years ended December 31, 2024 and 2023, no employees' compensation and directors' remuneration were accrued.

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.

(27) Income tax

A. Income tax expense

(a) Components of income tax benefit:

	Years ended December 31,	
	2024	2023
Current tax:		
Current tax on profits for the year	$ -	$ -
Prior year income tax (over) underestimation	4,017	1,532
Total current tax	4,017	1,532
Deferred tax:		
Origination and reversal of temporary differences	(23,888)	(15,758)
Total deferred tax	(23,888)	(15,758)
Income tax benefit	($ 19,871)	($ 14,226)

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

	Years ended December 31,	
	2024	2023
Currency translation differences	$ 3,870	($ 2,614)

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

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2024	2023
Tax calculated based on profit (loss) before tax and statutory tax rate	($ 13,629)	($ 434)
Expenses disallowed by tax regulation	89	(11,558)
Temporary differences not recognised as deferred tax assets	1,014	-
Effect from investment tax credits	(11,362)	(4,963)
Change in assessment of realisation of deferred tax assets	-	1,197
Prior year income tax (over) underestimation	4,017	1,532
	($ 19,871)	($ 14,226)

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2024			
	January 1	Recognised in profit or loss	Translation differences	December 31
—Deferred tax assets:				
Temporary differences:				
Allowance for inventories impairment losses	$ 2,991	$ 317	$ -	$ 3,308
Unrealized impairment loss	880	(758)	-	122
Other	2,490	(2,490)	-	-
Investment tax credits	4,963	11,362	-	16,325
Loss carryforward	13,888	17,143	-	31,031
Subtotal	25,212	25,574	-	50,786
—Deferred tax liabilities:				
Temporary differences:				
Other	(3,926)	2,184	(3,870)	(5,612)
Subtotal	($ 3,926)	$ 2,184	($ 3,870)	($ 5,612)
Total	$ 21,286	$ 27,758	($ 3,870)	$ 45,174

	2023			
	January 1	Recognised in profit or loss	Translation differences	December 31
－Deferred tax assets:				
Temporary differences:				
Allowance for inventories impairment losses	$ 3,457	($ 466)	$ -	$ 2,991
Convertible corporate bonds	1,198	(1,198)	-	-
Unrealized impairment loss	121	759	-	880
Other	4,435	(1,945)	-	2,490
Investment tax credits	-	4,963	-	4,963
Loss carryforward	-	13,888	-	13,888
Subtotal	9,211	16,001	-	25,212
－Deferred tax liabilities:				
Temporary differences:				
Other	(3,683)	(2,857)	2,614	(3,926)
Subtotal	($ 3,683)	($ 2,857)	$ 2,614	($ 3,926)
Total	$ 5,528	$ 13,144	$ 2,614	$ 21,286

D. Details of the amount the Company is entitled as investment tax credit and unrecognized deferred tax assets are as follows:

	December 31, 2024		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 3,934	$ -	2025
Machinery and equipment	3,882	-	2025
Research and development	5,476	-	2026
Machinery and equipment	3,033	-	2026
Total	$ 16,325	$ -	

	December 31, 2023		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 3,136	$ -	2025
Machinery and equipment	1,827	-	2025
Total	$ 4,963	$ -	

E. Expiration dates of unused tax losses and amounts of unrecognized' deferred tax assets are as follows:

December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	$ 66,391	$ 69,391	$ -	2033
2024	85,764	85,764	-	2034
	$ 152,155	$ 155,155	$ -	

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	$ 69,440	$ 69,440	$ -	2033

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

(28) Earnings per share

	Year ended December 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders	($ 48,272)	101,229	($ 0.48)

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 12,058	90,103	$ 0.13
Diluted earnings per share			
Profit attributable to ordinary shareholders	12,058	90,103	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	34	
Convertible bonds	34	304	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 12,092	90,441	$ 0.13

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2024	2023
Purchase of property, plant and equipment	$ 195,819	$ 53,436
Add: Opening balance of payable on equipment	5,254	5,096
Less: Ending balance of payable on equipment	(33,043)	(5,254)
Cash paid during the year	$ 168,030	$ 53,278

B. Financing activities with partial cash payments:

	Years ended December 31,	
	2024	2023
Cash dividends declared	$ 49,320	$ -
Less: Ending balance of dividends payable	(27)	-
Cash paid during the year	$ 49,293	$ -

(30) Changes in liabilities from financing activities

	2024	
	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 76,804	$ 76,804
Changes in cash flow from financing activities	(3,449)	(3,449)
Interest payments	(922)	(922)
Amortisation charges on interest expenses	922	922
At December 31	$ 73,355	$ 73,355

	2023			
	Short-term borrowings	Bonds payable	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 180,000	$ 6,829	$ 81,533	$ 268,362
Changes in cash flow from financing activities	(180,000)	-	(5,054)	(185,054)
Interest payments	-	-	(977)	(977)
Amortisation charges on interest expenses	-	62	977	1,039
Changes in other non-cash items	-	(6,891)	325	(6,566)
At December 31	$ -	$ -	$ 76,804	$ 76,804

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
FIOPTEC Inc.	Subsidiaries directly held by the Company
Shanghai FOCI Fiber Optic Communications, Inc.	Sub-subsidiary indirectly held by the Company
Jiangxi FOCI Fiber Optic Communications, Inc.	Sub-subsidiary indirectly held by the Company
Zhongshan FOCI Fiber Optic Communications, Inc.	Sub-subsidiary indirectly held by the Company
BKS TEC Corp.	Associate (Note)

Note: BKS TEC Corp. held an annual shareholders' meeting and re-elected directors on June 25, 2024 and the Group is no longer a director of the entity. Therefore, the Group lost significant influence over the entity starting from the date based on the judgement.

(2) Significant related party transactions

A. Operating revenue:

	Years ended December 31,	
	2024	2023
Sales of goods:		
Zhongshan FOCI Fiber Optic Communications, Inc.	$ 228,316	$ 183,801
Shanghai FOCI Fiber Optic Communications, Inc.	102,761	84,894
BKS TEC Corp.	189	3,858
Total	$ 331,266	$ 272,553

B. Purchases:

	Years ended December 31,	
	2024	2023
Purchases of goods:		
Zhongshan FOCI Fiber Optic Communications, Inc.	$ 568,267	$ 408,904
Shanghai FOCI Fiber Optic Communications, Inc.	396,217	356,617
BKS TEC Corp.	-	1,656
Total	$ 964,484	$ 767,177

The Company purchased inventories from subsidiaries and not from other suppliers. Since there was no market price to be compared with, the settlement prices were determined by reference to market prices and based on mutual agreement.

The Company commissioned its related parties to outsource the raw material processing and agreed to pay based on their actual processing costs, which was shown as operating costs.

The above purchases did not deduct sales revenue of $331,077 and $268,695 recognized by the Company due to the raw material processing of subsidiaries for the years ended December 31, 2024 and 2023, respectively. The Company's accounts had deducted related revenue and purchasing costs in accordance with the regulations.

C. Receivables from related parties:

		December 31, 2024		December 31, 2023
Accounts receivable:				
Zhongshan FOCI Fiber Optic Communications, Inc.	$	46,197	$	53,845
Shanghai FOCI Fiber Optic Communications, Inc.		5,280		26,071
BKS TEC Corp.		-		1,391
		51,477		81,307
Other receivable-current:				
BKS TEC Corp.		-		1,856
		-		1,856
Other receivable-Non-current:				
BKS TEC Corp.		-		1,731
	$	51,477	$	84,894

The receivables from related parties arise from sale transactions. The receivables are due two months after the date of sales. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

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

D. Payables to related parties:

		December 31, 2024		December 31, 2023
Accounts receivable:				
Shanghai FOCI Fiber Optic Communications, Inc.	$	75,445	$	108,138
Zhongshan FOCI Fiber Optic Communications, Inc.		136,976		164,614
		212,421		272,752
Other receivables:				
Shanghai FOCI Fiber Optic Communications, Inc.		4		55
Zhongshan FOCI Fiber Optic Communications, Inc.		468		65
		472		120
	$	212,893	$	272,872

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

E. Property transactions:

Acquisition of property, plant and equipment:

	Years ended December 31,	
	2024	2023
Shanghai FOCI Fiber Optic Communications, Inc.	$ 400	$ -
Zhongshan FOCI Fiber Optic Communications, Inc.	1,029	-
	$ 1,429	$ -

(3) Key management compensation

	Years ended December 31,	
	2024	2023
Short-term employee benefits	$ 15,470	$ 16,565
Post-employment benefits	526	544
Share-based payments	-	8,670
	$ 15,996	$ 25,779

8. Pledged Assets

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

	Book value		
Pledged asset	December 31, 2024	December 31, 2023	Purpose
Time deposits (Note)	$ 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 February 20, 2025, the Board of Directors of the Company resolved:

A. To raise additional cash through private placement by issuing ordinary shares within a limit of 10,000 thousand ordinary shares in one to three tranches within one year from the date of the shareholders' resolution, which would be submitted to the shareholders for the authorisation of the Board of Directors.

B. To issue employee stock options amounting to 6,000 units, wherein employees could subscribe for 1,000 shares per unit of stock option certificate.

12. Others

(1) Capital management

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

The capital structure of the Company 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

	December 31, 2024	December 31, 2023
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 43,050	$ 210,400
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	100,455	148,087
Financial assets at amortised cost /Loans and receivables		
Cash and cash equivalents	1,265,014	729,191
Notes receivable	2,461	641
Accounts receivable (including related parties)	322,257	344,697
Other receivables (including related parties)	8,657	3,360
Financial assets at amortised cost	2,939	2,939
Guarantee deposits paid	48	235
	$ 1,744,881	$ 1,439,550

	December 31, 2024	December 31, 2023
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Notes payable	$ 1,905	$ 1,873
Accounts payable (including related parties)	240,783	316,533
Other payables	80,901	38,264
Guarantee deposits received	1,714	1,714
	$ 325,303	$ 358,384
Lease liability (including current portion)	$ 73,355	$ 76,804

B. Financial risk management policies

The Company'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 Company'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 Company focuses on identifying, evaluating and hedging market uncertainties to minimize potential adverse effects from markets on the Company's financial performance.

The Company'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 Company 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 Company'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 Company's exposure to market risks or the manner in which these risks are managed and measured.

Exchange rate risk

i. The Company's cash inflows and outflows are partially denominated in foreign currencies and therefore have a natural hedging effect. The Company manages exchange rate risk for hedging purposes, not for profit-making.

ii. The Company'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 Company'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:

	December 31, 2024		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 10,454	32.77	$ 342,578
Non-monetary items			
USD:NTD	$ 9,717	32.77	$ 318,438
Financial liabilities			
Monetary items			
USD:NTD	$ 7,599	32.77	$ 249,019
Non-monetary items: None.			

	December 31, 2023				
	Foreign currency amount (In thousands)		Exchange rate		Book value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	11,446	30.69	$	351,278
Non-monetary items					
USD:NTD	$	13,309	30.69	$	408,461
Financial liabilities					
Monetary items					
USD:NTD	$	9,602	30.69	$	294,685
Non-monetary items: None.					

v. The total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023 amounted to $6,862 and $1,791, respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2024				
	Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
Financial assets					
Monetary items					
USD:NTD	1%	$	3,426	$	-
Financial liabilities					
Monetary items					
USD:NTD	1%	($	2,490)	$	-

	Year ended December 31, 2023				
	Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
Financial assets					
Monetary items					
USD:NTD	1%	$	3,513	$	-
Financial liabilities					
Monetary items					
USD:NTD	1%	($	2,947)	$	-

Price risk

i. The Company is exposed to equity securities price risk because of investments held by the Company 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 Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company'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 years ended December 31, 2024 and 2023 would have increased/decreased by $475 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 $2,958 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 Company 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 Company manages their credit risk taking into consideration the Company's concern. For banks and financial institutions, only independently rated parties with good credit rating are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company 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 Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

v. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using a provision matrix to estimate the expected credit loss.

vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company 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 Company used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable and accounts receivable. On December 31, 2024 and 2023, the provision matrix is as follows:

	Not past due	Up to 30 days	31~90 days	91~180 days	Over 180 days	Total
At December 31, 2024						
Expected loss rate	0%-0.03%	0.03%	0.03%	0.03%	0.03%-100%	
Total book value	$ 301,780	$ 16,458	$ 6,362	$ 8	$ 191	$ 324,799
Loss allowance	($ 74)	($ 5)	($ 2)	$ -	$ -	($ 81)
At December 31, 2023						
Expected loss rate	0%-0.03%	0.03%	0.03%	0.03%	0.03%-100%	
Total book value	$ 310,453	$ 9,965	$ 24,578	$ 150	$ 267	$ 345,413
Loss allowance	($ 70)	($ 3)	($ 2)	$ -	$ -	($ 75)

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

	2024	2023
	Accounts receivable	Accounts receivable
At January 1	$ 75	$ 1,825
Provision for impairment	6	-
Reversal of impairment loss	-	(1,750)
At December 31	$ 81	$ 75

x. Financial assets at amortized cost held by the Company 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 Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company’s operations and mitigate the effects of fluctuations in cash flows.

ii. The Company has the following undrawn borrowing facilities:

	December 31, 2024	December 31, 2023
Floating rate:		
Expiring within one year	$ 667,564	$ 508,183

iii. The table below analyses the Company'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.

At December 31, 2024	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
Non-derivative financial liabilities						
Notes payable	$ 15	$ -	$ 1,890	$ -	$ -	$ 1,905
Accounts payable	141,355	98,712	716	-	-	240,783
Other payables	40,481	18,513	21,907	-	-	80,901
Lease liability	352	704	2,561	11,705	72,177	87,499
Derivative financial liabilities:	None.					

At December 31, 2023	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
Non-derivative financial liabilities						
Notes payable	28	-	1,845	-	-	1,873
Accounts payable	149,645	126,750	40,139	-	-	316,534
Other payables	19,231	11,900	7,133	-	-	38,264
Lease liability	365	731	3,274	12,396	75,103	91,869
Derivative financial liabilities:	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 Company'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 Company'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 Company'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 Company'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 December 31, 2024 and 2023 are as follows:

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

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed stocks	$ 43,050	$ -	$ -	$ 43,050
Financial assets at fair value through other comprehensive income				
Emerging stocks	24,290	-	-	24,290
Unlisted stocks	-	-	76,165	76,165
	$ 67,340	$ -	$ 76,165	$ 143,505

Liabilities

Recurring fair value measurements:None.

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
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
	$ 241,058	$ -	$ 117,429	$ 358,487

Liabilities

Recurring fair value measurements:None.

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

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

	Listed stocks and Emerging stocks
Market quoted price	Closing price

ii. When assessing non-standard and low-complexity financial instruments, the Company 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 years ended December 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 years ended December 31, 2024 and 2023:

	2024	2023
	Financial instruments	Financial instruments
At January 1	$ 117,429	$ 155,995
Reclassification from investments accounted for using equity method	480	-
Gain or loss recognized in other comprehensive income	(42,355)	(38,566)
Sold in the period	611	-
At December 31	$ 76,165	$ 117,429

G. For the years ended December 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 valuated regularly by the Company 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:

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 29,615	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares	1,152	Market comparable companies	Discount for lack of marketability	21.07%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	26,138	Market comparable companies	Discount for lack of marketability	15.60%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	19,260	Income approach	Discount for lack of marketability and discount for lack of control	33.14% 20.90%	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 December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
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% 21.50%	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% 21.20%	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 Company 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

(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: Please refer to table 4.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. Segment Information

Not applicable.

FOCI FIBER OPTIC COMMUNICATIONS, INC.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount
Cash：		
Cash on hand		$ 100
Cash in banks		
Checking deposits		109
Demand deposits		
-NTD		114,339
-USD	USD 563,474.89 Exchange Rate 32.77	18,466
Time deposits		
-NTD	Expiration date are January 2025~March 2025, interest rate 0.68%~1.70%	1,132,000
		$ 1,265,014

FOCI FIBER OPTIC COMMUNICATIONS, INC.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Client Name	Description	Amount	Note
General customers:			
Customer C		$ 204,544	
Customer A		17,204	
Others		49,113	Balance of each client has not exceeded 5% of total account balance. Amount of account overdue one year is zero.
		270,861	
Less: Allowance for uncollectible accounts		(81)	
		270,780	
Related parties：			
Zhongshan FOCI Fiber Optic Communications, Inc.		46,197	
SHANGHAI FOCI Fiber Optic Communications, Inc.		5,280	
		51,477	
		$ 322,257	

FOCI FIBER OPTIC COMMUNICATIONS, INC.
STATEMENT OF INVENTORIES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount: Cost	Amount: Net Realizable Value	Note
Raw materials		$ 16,474	$ 10,066	Use replacement costs as market price
Work in process		21,973	14,640	Use net realizable value as market price
Finished goods		197,264	210,062	Use net realizable value as market price
		235,711	$ 234,768	
Less: Allowance for valuation loss		(16,541)		
		$ 219,170		

FOCI FIBER OPTIC COMMUNICATIONS, INC.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Beginning Balance		Addition (Note 1)		Decrease (Note 1)		Ending Balance			Market Value or Net Assets Value			
Name	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral	Note
FIOPTEC Inc.(Cayman Island)	12,200	$408,461	-	$ -	(3,000)	($ 97,560)	9,200	100%	$ 318,438	$ 34.61	$ 318,438	None	
BKS TEC Corp.	6,000	6,644	-	-	(6,000)	(6,644)	-	-	-	-	-		
		$415,105		$ -		($104,204)			$ 318,438				

Note 1: Including investment profit or loss, realised (unrealised) gross profit from sales and currency translation differences.

FOCI FIBER OPTIC COMMUNICATIONS, INC.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Volume (Thousand)	Amount	
Sales revenue			
Optical fiber patch cords	15,325	$	1,038,939
Optical fiber passive components - others	284		88,339
Optical fiber coupling products	108		57,272
Optical fiber connectors	1,191		56,160
Micro optical fiber devices	20		19,981
Others, non-optical fiber passive compone	600		6,878
Other revenue			43,359
			1,310,928
Less: Sales returns and allowances		(	7,121)
			1,303,807
Rental revenue			10,530
Net amount of operating revenue		$	1,314,337

FOCI FIBER OPTIC COMMUNICATIONS, INC.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Total
Cost of goods sold from manufacturing		
Beginning raw materials		$ 15,139
Add: Materials purchased		402,019
Gains on physical count of raw materials		108
Less: Ending raw materials		(16,474)
Transfer to expenses		(6,221)
Transfer to scrap		(86)
Raw materials sold		(1,577)
Raw materials consumed		392,908
Direct labor		38,576
Manufacturing expense		121,941
Work in process – outsourced		3,236
Manufacturing cost		556,661
Add: Beginning work in Progress		6,885
Transferred from finished goods		14,265
Semi-finished goods purchased		23,308
Less: Ending work in Progress		(21,973)
Semi-finished goods transferred to expenses		(37,929)
Transfer to scrap		(75)
Loss on physical inventory		(17)
Cost of finished goods		541,125
Add: Beginning finished goods		193,104
Finished goods purchased		661,593
Less: Ending finished goods		(197,264)
Transferred to work in progress		(14,265)
Transfer to expenses		(2,837)
Loss on physical inventory		(360)
Cost of goods sold		1,181,096
Loss on decline in market value		1,584
Losses from scrapped inventory		161
Cost of rental sales		1,681
Other operating costs		3,948
Loss on physical inventory		269
Raw materials sold		1,577
Total operating cost		$ 1,190,316

FOCI FIBER OPTIC COMMUNICATIONS, INC.
STATEMENT OF MANUFACTURING OVERHEAD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount	Note
Depreciation expense		$ 44,339	
Wages and salaries		32,313	
Amortization expense		7,786	
Consumables		7,559	
Other expenses		29,944	None of balances of each remaining items is greater than 5% of this account.
		$ 121,941	

FOCI FIBER OPTIC COMMUNICATIONS, INC.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount	Note
Wages and salaries		$ 9,476	
Traveling expense		5,199	
Professional service fees		2,689	
Freight		2,258	
Other expenses		5,748	None of balances of each remaining items is greater than 5% of this account.
		$ 25,370	

FOCI FIBER OPTIC COMMUNICATIONS, INC.
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount	Note
Wages and salaries		$ 37,785	
Professional service fees		8,265	
Stock agent expense		3,697	
Other expenses		22,316	None of balances of each remaining items is greater than 5% of this account.
		$ 72,063	

FOCI FIBER OPTIC COMMUNICATIONS, INC.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount	Note
Wages and salaries		$ 66,266	
Depreciation expense		28,101	
Material expense		16,045	
Professional service fees		7,691	
Other expenses		28,537	None of balances of each remaining items is greater than 5% of this account.
		$ 146,640	

FOCI FIBER OPTIC COMMUNICATIONS, INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Function / Nature	Year ended December 31, 2024			Year ended December 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	$ 62,158	$ 104,473	$ 166,631	$ 56,156	$ 79,202	$ 135,358
Share-based payments	-	-	-	6,413	23,331	29,744
Labour and health insurance fees	6,210	9,803	16,013	5,993	8,365	14,358
Directors' remuneration	-	3,797	3,797	-	3,790	3,790
Pension costs	2,468	5,257	7,725	2,604	4,353	6,957
Other personnel expenses	5,430	5,526	10,956	3,677	4,198	7,875
Depreciation Expense	44,339	33,217	77,556	46,186	23,946	70,132
Amortisation Expense	7,786	6,080	13,866	562	1,093	1,655

Note:

1.As at December 31, 2024 and 2023, the Company had 212 and 208 employees,including 6 and 6 non-employee directors, respectively.

2.A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information：

(1) Average employee benefit expense in current year was $977.

(“total employee benefit expense for the current year – total directors’ remuneration”/ “the number of employees in the current year–the number of directors who didn't concurrently serve as employees.”).

Average employee benefit expense in previous year was $961.

(“total employee benefit expense for the previous year–total directors’ remuneration”/ “the number of employees in the previous year–the number of directors who didn't concurrently serve as employees.”).

(2) Average employees salaries in current year was $809.

(total salaries and wages for the current year/ "the number of employees in the current year– the number of directors who didn't concurrently serve as employees.”).

Average employees salaries in previous year was $670.

(total salaries and wages for the previous year/ “the number of employees in the previous year – the number of directors who didn't concurrently serve as employees.”)

FOCI FIBER OPTIC COMMUNICATIONS, INC.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)

FOR THE YEAR ENDED DECEMBER 31, 2024

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

(3) Adjustments of average employees salaries was 20.75%.

(“the average employee salaries and wages for the current year–the average employee salaries and wages for the previous year”/ the average employee salaries and wages for the previous year)

(4) Since the Company has an Audit Committee, there is no remuneration for supervisors.

(5) The Company’s compensation policies (including directors, executive officers and employees).

The emoluments of the Company’s directors include independent directors’ salaries, transportation allowances and directors’remuneration. Independent directors receive a fixed amount of remuneration monthly and do not participate in the distribution of the director remuneration. Transportation allowances are paid based on the directors’ attendance at the Board of Directors’ meetings. Except for the independent directors who do not participate in the distribution of the director remuneration, under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall be distributed at no higher than 5% as directors’ remuneration, and the distribution shall be reviewed by the Remuneration Committee and be resolved by the Board of Directors. The emoluments of the Company’s managers and employees include salaries, post-employment pensions, bonus and employees’ compensation, etc., which are based on the general pay levels of the position in the same industry, the duties and responsibilities within the Company, the contribution to the Company’s operating goals and personal performance achievements, in order to give reasonable compensation. The Remuneration Committee sets and periodically reviews directors’ and managers’ performance assessments and the policies, systems, standards, and structure of compensation, as well as periodically assesses and sets the reasonableness of directors’ and managers’ remuneration and reports the suggestions to the Board of Directors for discussion. Additionally, under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall be distributed 5%~15% as employees’ compensation.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Loans to others

Year ended December 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 December 31, 2024 (Note 2)	Balance at December 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
													Item	Value			
2	Jiangxi FOCI Fiber Optic Communication, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	Other receivables due from related parties	Yes	$ 98,604 (CNY 22,000)	$ -	$ -	3.35-3.45	Short-term financing	$ -	Opertations	-	-	-	$ 11,001 (Note 4)	$ 11,001 (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 year ended December 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

Year ended December 31, 2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

		Party being endorsed/ guaranteed												
Number (Note 1)	Endorser/guarantor	Company name	Relationship with the endorser/guarantor (Note 2)	Limit on endorsements/guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2024	Outstanding endorsement/ guarantee amount at December 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/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	The Company	Shanghai FOCI Fiber Optic Communications, Inc.	2	$ 759,191	$ 35,856	$ 35,856	$ -	$ -	1.42%	$ 1,265,318	Y	N	Y	
0	The Company	Zhongshan FOCI Fiber Optic Communications, Inc.	2	759,191	44,820	44,820	-	-	1.77%	1,265,318	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)

December 31, 2024

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2024				Footnote
				Number of shares/units (thousands of shares/units)	Book value	Ownership (%)	Fair value	
FOCI Fiber Optic Communications, Inc.	APEX OPTECH CORPORATION	None	Financial assets at fair value through other comprehensive	99	$ 1,570	3.95%	$ 1,570	
FOCI Fiber Optic Communications, Inc.	APEX BVI	None	Financial assets at fair value through other comprehensive	155	-	1.83%	-	
FOCI Fiber Optic Communications, Inc.	DARJUN VENTURE CORPORATION	None	Financial assets at fair value through other comprehensive	2,738	28,045	5.78%	28,045	
FOCI Fiber Optic Communications, Inc.	Xsense Technology Corporation, INC.	None	Financial assets at fair value through other comprehensive	2,263	26,138	9.84%	26,138	
FOCI Fiber Optic Communications, Inc.	Aptos Technology Inc.	None	Financial assets at fair value through other comprehensive	9,000	19,260	14.91%	19,260	
FOCI Fiber Optic Communications, Inc.	ADVAGENE BIOPHARMA CO., LTD.	None	Financial assets at fair value through other comprehensive	1,182	24,290	1.99%	24,290	
FOCI Fiber Optic Communications, Inc.	BKS TEC Corp.	None	Financial assets at fair value through other comprehensive	600	1,152	3.89%	1,152	
FOCI Fiber Optic Communications, Inc.	United Microelectronics Corporation	None	Financial assets at fair value through profit or loss	1,000	43,050	0.00%	43,050	

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

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

Year ended December 31, 2024

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance at December 31, 2024	Percentage of total notes/accounts receivable (payable)	Footnote
The Company	Shanghai FOCI Fiber Optic Communications, Inc.	Subsidiary	Purchase	$ 396,217	28.56%	60 days	Note 1	Note 1	($ 75,445)	31.09%	
The Company	Shanghai FOCI Fiber Optic Communications, Inc.	Subsidiary	Sales	102,761	6.25%	60 days	Note 1	Note 2	5,280	1.63%	
The Company	Zhongshan FOCI Fiber Optic Communications, Inc.	Subsidiary	Purchase	568,267	40.96%	60 days	Note 1	Note 1	(136,976)	56.44%	
The Company	Zhongshan FOCI Fiber Optic Communications, Inc.	Subsidiary	Sales	228,316	13.88%	60 days	Note 2	Note 2	46,197	14.25%	

Note 1: The goods purchased by the Company from related parties have not been purchased from other suppliers, and thus there is no market price for comparison. Transaction prices were determined by referring to market prices and based mutual agreement. Payment terms were available to third parties, but the payments can also be collected according to the capital needs of subsidiaries.

Note 2: The Products sold by the Company to related parties have not been sold to other custimers, and thus there is no selling price for comparison.
The payment terms for related parties are 60 days, and the third parties are 30-120 days.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2024	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for creditor counterparty doubtful accounts
					Amount	Action taken		
Zhongshan FOCI Fiber Optic Communications, Inc.	FOCI Fiber Optic Communications, Inc.	Parent company of the entity	136,976	3.77	-	-	14,286	-

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

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Purchase	$ 396,217	Note 5	29%
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Sales	102,761	Note 5	8%
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Accounts payable	75,445	Note 5	3%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Purchase	568,267	Note 5	42%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Sales	228,316	Note 5	17%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Accounts payable	136,976	Note 5	5%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Accounts receivable	46,197	Note 5	2%
2	Shanghai FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	3	Purchase	22,024	Note 5	2%

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

Year ended December 31, 2024

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2024	Initial investment amount: Balance as at December 31, 2023	Shares held as at December 31, 2024: Number of shares	Shares held as at December 31, 2024: Ownership (%)	Shares held as at December 31, 2024: Book value	Net income of investee as of December 31, 2024	Investment income(loss) recognised by the Company for the year ended December 31, 2024	Footnote
FOCI Fiber Optic Communications, Inc.	FIOPTEC Inc.	Cayman Islands	Investment business	$ 291,444	$ 389,004	9,200,000	100%	$ 318,438	$ 30,322	$ 30,322	Note 1, 2

Note 1: On June 18, 2024, the Board of Directors of FIOPTEC Inc. resolved the distribution of earnings for and before 2023, distributed cash dividends amounting to US$1,219 thousand, approximately NT$39,462 thousand, and deducted withholding income tax to US$122 thousand, approximately NT$35,477 thousand. The amounts were actually paid on June 19, 2024.

Note 2: On August 8, 2024, the Board of Directors of FIOPTEC Inc. resolved to reduce capital and return cash amounting to US$3,000 thousand (approximately NT$97,560 thousand). The amounts were actually paid on November 21, 2024.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2024

Table 8

Expressed in thousands of NTD; thousands of USD; thousands of CNY

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2024 Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2024 Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2024 (Note 3)	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
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)	$ 28,319	100%	$ 28,319	$ 307,437	$ 140,586	Note 4
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 2,000	Note 1	149,616 (USD 5,000)	-	97,560 (USD 3,000)	52,056 (USD 2,000)	2,059	100%	2,059	11,001	-	Note 5
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	-	-	-	-	19,116	100%	19,116	104,078	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
FOCI Fiber Optic Communications, Inc.	$ 291,444	$ 389,004	$ 1,518,382

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.

Note 4: On June 18, 2024, the Board of Directors of FIOPTEC Inc. resolved the distribution of earnings for and before 2023, distributed cash dividends amounting to US$1,219 thousand, approximately NT$39,462 thousand, and deducted withholding income tax to US$122 thousand, approximately NT$35,477 thousand. The amounts were actually paid on June 19, 2024.

Note 5: On August 8, 2024, the Board of Directors of Jiangxi FOCI Fiber Optic Communication, Inc. resolved to reduce capital and return cash amounting to US$3,000 thousand (approximately NT$97,560 thousand). The amounts were actually paid on November 21, 2024.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES
Major shareholders information
December 31, 2024

Table 9

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Himax Technologies, Inc.	5,500,000	5.30%

Note : (1) The table was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis

(2) If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.

(3) Basis for preparation of the table was to calculate the distribution of each credit transaction balance based on the roster of owners of securities as of the book closure date for that shareholders' special meeting (securities borrowing is not covered).

(4) Ownership (%)＝total number of shares held by the shareholder/total number of shares that have completed dematerialized registration and delivery

(5) As of December 31, 2024, the total number of shares (including treasury shares) that have completed dematerialized registration and delivery was 103,640,567 shares=103,640,567(ordinary shares)+0(preference shares).