

**FOCI FIBER OPTIC COMMUNICATIONS,
INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2024 AND 2023**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR24001918

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

Introduction

We have reviewed the accompanying consolidated balance sheets of FOCI Fiber Optic Communications, Inc. and subsidiaries (the “Group”) as at September 30, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months and nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

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

Basis for qualified conclusion

As explained in Note 4(3), the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$6,455 thousand and NT\$23,220 thousand, constituting 0.21% and 1.08% of the consolidated total assets as at September 30, 2024 and 2023, respectively, total liabilities amounted to NT\$155 thousand and NT\$2,700 thousand, constituting 0.04% and 0.51% of the consolidated total liabilities as at September 30, 2024 and 2023, respectively, and the total comprehensive (loss) income amounted to NT\$7,646 thousand, NT\$2,287 thousand, NT\$7,762 thousand, and NT(\$467) thousand, constituting (43.44%), 23.92%, (169.96%) and 9.45% of the consolidated total comprehensive income for the three months and nine months then ended, respectively. In addition, the financial statements of the investments accounted for using equity method were not reviewed by independent auditors. The comprehensive (loss) income (share of (loss) profit of associates accounted for using equity method) amounted to NT(\$1,163) thousand, NT(\$1,664) thousand and NT(\$2,965) thousand, constituting (12.16%), 36.44% and 59.98% of the consolidated total comprehensive income for the three months ended September 30, 2023 and the nine months ended September 30, 2024 and 2023, respectively. The balance of relevant investments accounted for using equity method amounted to NT\$11,708 thousand as of September 30, 2023.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using equity method been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2024 and

2023, and of its consolidated financial performance and its consolidated cash flows for the three months and nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Shu-Chien Pai

Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan

November 7, 2024

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

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Assets			September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,512,403	50	\$ 913,040	38	\$ 625,175	29
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		53,800	2	210,400	9	180,800	8
1150	Notes receivable, net	6(5)	615	-	641	-	327	-
1170	Accounts receivable, net	6(5)	287,689	10	277,195	11	274,647	13
1180	Accounts receivable - related	6(5) and 7						
	parties, net		-	-	1,391	-	787	-
1200	Other receivables	7	9,471	-	5,518	-	11,485	1
130X	Inventories	6(6)	254,068	8	243,139	10	272,268	13
1470	Other current assets		29,797	1	14,562	1	9,965	-
11XX	Current Assets		2,147,843	71	1,665,886	69	1,375,454	64
Non-current assets								
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - non current		142,772	5	148,087	6	169,548	8
1535	Financial assets at amortised cost -	6(4) and 8						
	non current		2,939	-	2,939	-	2,939	-
1550	Investments accounted for using	6(7)						
	equity method		-	-	6,644	-	11,708	1
1600	Property, plant and equipment	6(8)	484,472	16	355,893	15	352,145	16
1755	Right-of-use assets	6(9)	92,955	3	93,797	4	101,768	5
1760	Investment property, net	6(11)	50,144	2	51,405	2	52,264	2
1780	Intangible assets		31,227	1	7,623	-	4,089	-
1840	Deferred income tax assets		42,527	2	25,212	1	14,316	1
1900	Other non-current assets	6(12) and 7	10,563	-	61,615	3	68,316	3
15XX	Non-current assets		857,599	29	753,215	31	777,093	36
1XXX	Total assets		\$ 3,005,442	100	\$ 2,419,101	100	\$ 2,152,547	100

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FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(13)	\$ -	-	\$ -	-	\$ 230,000	11
2130	Contract liabilities - current	6(20)	676	-	2,256	-	2,866	-
2150	Notes payable		3,268	-	1,873	-	3,224	-
2170	Accounts payable		175,841	6	113,892	5	121,799	6
2180	Accounts payable - related parties	7	-	-	-	-	840	-
2200	Other payables	6(14)	113,080	4	57,186	2	59,476	3
2230	Current income tax liabilities		2,038	-	1,487	-	4,136	-
2280	Lease liabilities - current		13,897	-	13,813	1	16,978	1
2300	Other current liabilities		3,281	-	2,618	-	2,011	-
21XX	Current Liabilities		<u>312,081</u>	<u>10</u>	<u>193,125</u>	<u>8</u>	<u>441,330</u>	<u>21</u>
Non-current liabilities								
2570	Deferred income tax liabilities		3,709	-	3,926	-	3,947	-
2580	Lease liabilities - non current		81,576	3	82,087	4	87,418	4
2600	Other non-current liabilities		1,714	-	1,714	-	1,714	-
25XX	Non-current liabilities		<u>86,999</u>	<u>3</u>	<u>87,727</u>	<u>4</u>	<u>93,079</u>	<u>4</u>
2XXX	Total Liabilities		<u>399,080</u>	<u>13</u>	<u>280,852</u>	<u>12</u>	<u>534,409</u>	<u>25</u>
Equity								
Share capital		6(16)						
3110	Share capital - common stock		1,036,406	35	986,406	41	886,406	41
Capital surplus		6(17)						
3200	Capital surplus		1,439,857	48	1,017,177	42	559,433	26
Retained earnings		6(18)						
3310	Legal reserve		136,341	5	135,135	6	135,135	6
3320	Special reserve		221,187	7	168,227	7	168,227	8
3350	(Accumulated deficit)							
	Unappropriated retained earnings		(17,484)	(1)	54,166	2	61,684	3
Other equity interest		6(19)						
3400	Other equity interest		(209,945)	(7)	(222,862)	(10)	(192,747)	(9)
3XXX	Total equity		<u>2,606,362</u>	<u>87</u>	<u>2,138,249</u>	<u>88</u>	<u>1,618,138</u>	<u>75</u>
3X2X	Total liabilities and equity		<u>\$ 3,005,442</u>	<u>100</u>	<u>\$ 2,419,101</u>	<u>100</u>	<u>\$ 2,152,547</u>	<u>100</u>

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except (loss) per share amounts)

	Items	Notes	Three months ended September 30				Nine months ended September 30			
			2024		2023		2024		2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(20) and 7	\$ 382,698	100	\$ 328,229	100	\$ 1,004,001	100	\$ 934,472	100
5000	Operating costs	6(6)(25)(26)	(328,493)	(86)	(264,786)	(81)	(858,242)	(86)	(803,504)	(86)
5900	Net operating margin		54,205	14	63,443	19	145,759	14	130,968	14
	Operating expenses	6(25)(26)								
6100	Selling expenses		(7,568)	(2)	(6,405)	(2)	(21,366)	(2)	(19,885)	(2)
6200	General and administrative expenses		(26,728)	(7)	(20,045)	(6)	(71,285)	(7)	(66,431)	(7)
6300	Research and development expenses		(36,396)	(9)	(23,645)	(7)	(105,943)	(11)	(71,709)	(8)
6450	Expected credit gains (losses)	12(2)	(189)	-	506	-	(246)	-	723	-
6000	Total operating expenses		(70,881)	(18)	(49,589)	(15)	(198,840)	(20)	(157,302)	(17)
6900	Operating gain (loss)		(16,676)	(4)	13,854	4	(53,081)	(6)	(26,334)	(3)
	Non-operating income and expenses									
7100	Interest income	6(21)	4,270	1	782	-	9,078	1	3,307	-
7010	Other income	6(22)	5,711	1	2,022	1	9,686	1	17,223	2
7020	Other gains and losses	6(7)(23)	(13,256)	(3)	(6,735)	(2)	12,565	1	36,077	4
7050	Finance costs	6(24)	(677)	-	(1,681)	(1)	(1,821)	-	(4,234)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	-	-	(1,163)	-	(1,664)	-	(2,965)	-
7000	Total non-operating income and expenses		(3,952)	(1)	(6,775)	(2)	27,844	3	49,408	5
7900	Profit (loss) before income tax		(20,628)	(5)	7,079	2	(25,237)	(3)	23,074	2
7950	Income tax (expense) benefit	6(27)	5,855	1	(6,787)	(2)	7,753	1	(3,498)	-
8200	Profit (loss) for the period		<u>(\$ 14,773)</u>	<u>(4)</u>	<u>\$ 292</u>	<u>-</u>	<u>(\$ 17,484)</u>	<u>(2)</u>	<u>\$ 19,576</u>	<u>2</u>
	Other comprehensive income									
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealised gain (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(19)	(\$ 8,024)	(2)	(\$ 2,412)	(1)	(\$ 5,796)	-	(\$ 22,717)	(3)
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations	6(19)	6,495	2	14,602	5	23,391	2	(2,254)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(19)(27)	(1,299)	(1)	(2,920)	(1)	(4,678)	-	451	-
8300	Other comprehensive income (loss) for the period		<u>(\$ 2,828)</u>	<u>(1)</u>	<u>\$ 9,270</u>	<u>3</u>	<u>\$ 12,917</u>	<u>2</u>	<u>(\$ 24,520)</u>	<u>(3)</u>
8500	Total comprehensive income (loss) for the period		<u>(\$ 17,601)</u>	<u>(5)</u>	<u>\$ 9,562</u>	<u>3</u>	<u>(\$ 4,567)</u>	<u>-</u>	<u>(\$ 4,944)</u>	<u>(1)</u>
	Profit (loss), attributable to:									
8610	Owners of parent		<u>(\$ 14,773)</u>	<u>(4)</u>	<u>\$ 292</u>	<u>-</u>	<u>(\$ 17,484)</u>	<u>(2)</u>	<u>\$ 19,576</u>	<u>2</u>
	Comprehensive income (loss) attributable to:									
8710	Owners of parent		<u>(\$ 17,601)</u>	<u>(5)</u>	<u>\$ 9,562</u>	<u>3</u>	<u>(\$ 4,567)</u>	<u>-</u>	<u>(\$ 4,944)</u>	<u>(1)</u>
	Basic earnings (loss) per share	6(28)								
9750	Basic earnings (loss) per share		<u>(\$ 0.14)</u>		<u>\$ -</u>		<u>(\$ 0.17)</u>		<u>\$ 0.22</u>	
	Diluted earnings (loss) per share	6(28)								
9850	Diluted earnings (loss) per share		<u>(\$ 0.14)</u>		<u>\$ -</u>		<u>(\$ 0.17)</u>		<u>\$ 0.22</u>	

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
		Retained Earnings				Other equity interest			
							Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings			
<u>2023</u>									
		\$ 883,366	\$ 555,581	\$ 130,433	\$ 170,586	\$ 88,764	(\$ 31,436)	(\$ 136,791)	\$ 1,660,503
		-	-	-	-	19,576	-	-	19,576
		-	-	-	-	-	(1,803)	(22,717)	(24,520)
		-	-	-	-	19,576	(1,803)	(22,717)	(4,944)
Appropriations and distribution of earnings	2022 6(18)								
		-	-	4,702	-	(4,702)	-	-	-
		-	-	-	(2,359)	2,359	-	-	-
		-	-	-	-	(44,313)	-	-	(44,313)
Convertible corporate bond	6(16)	3,040	3,852	-	-	-	-	-	6,892
Balance at September 30, 2023		<u>\$ 886,406</u>	<u>\$ 559,433</u>	<u>\$ 135,135</u>	<u>\$ 168,227</u>	<u>\$ 61,684</u>	<u>(\$ 33,239)</u>	<u>(\$ 159,508)</u>	<u>\$ 1,618,138</u>
<u>2024</u>									
		\$ 986,406	\$ 1,017,177	\$ 135,135	\$ 168,227	\$ 54,166	(\$ 41,894)	(\$ 180,968)	\$ 2,138,249
		-	-	-	-	(17,484)	-	-	(17,484)
		-	-	-	-	-	18,713	(5,796)	12,917
		-	-	-	-	(17,484)	18,713	(5,796)	(4,567)
Appropriations and distribution of earnings	2023 6(18)								
		-	-	1,206	-	(1,206)	-	-	-
		-	-	-	52,960	(52,960)	-	-	-
Issue of shares	6(16)(17)	50,000	472,000	-	-	-	-	-	522,000
Capital surplus used to issue cash	6(17)(18)	-	(49,320)	-	-	-	-	-	(49,320)
Balance at September 30, 2024		<u>\$ 1,036,406</u>	<u>\$ 1,439,857</u>	<u>\$ 136,341</u>	<u>\$ 221,187</u>	<u>(\$ 17,484)</u>	<u>(\$ 23,181)</u>	<u>(\$ 186,764)</u>	<u>\$ 2,606,362</u>

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		(\$ 25,237)	\$ 23,074
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(11)(25)	74,129	71,537
Amortisation expense	6(25)	10,746	1,816
Expected credit losses (gains)	12(2)	246 (	723)
Net gain on financial assets or liabilities at fair value through profit or loss	6(23)	(12,370 ) (	18,000)
Interest expense	6(24)	1,821	4,234
Interest income	6(21)	(9,078 ) (	3,307)
Dividend income	6(3)(22)	(4,500 ) (	14,402)
Share of profit of associates accounted for using equity method	6(7)	1,664	2,965
Loss on disposals of property, plant and equipment	6(23)	509	45
Loss on disposals of investments	6(23)	4,500	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		26 (	235)
Accounts receivable (including related parties)		(8,817)	56,681
Other receivables (including related parties)		439 (	348)
Inventories		(8,634)	70,157
Other current assets		(14,815 ) (	3,044)
Changes in operating liabilities			
Contract liabilities		(1,580 ) (	3,223)
Notes payable		1,395	1,678
Accounts payable (including related parties)		57,971 (	8,551)
Other payables		16,941 (	11,219)
Other current liabilities		705	326
Cash inflow generated from operations		86,061	169,461
Dividends received	6(3)	4,500	14,402
Income taxes paid		(13,254) (21,634)
Net cash flows from operating activities		77,307	162,229

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FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>Nine months ended September 30</u>	
		<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Disposal of financial assets at fair value through profit or loss		\$ 168,970	\$ -
Acquisition of property, plant and equipment	6(29)	(150,623)	(25,742)
Proceeds from disposal of property, plant and equipment		352	-
Acquisition of intangible assets		(32,748)	(1,492)
Interest received		8,728	3,338
Decrease in guarantee deposits paid		3,081	2,313
Decrease (increase) in prepayments for equipment		47,151	(58,043)
Decrease (Increase) in other non-current assets		820	(421)
Net cash flows from (used in) investing activities		45,731	(80,047)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(30)	-	433,000
Decrease in short-term loans	6(30)	-	(383,000)
Payments of lease liabilities	6(30)	(12,670)	(16,229)
Cash dividends paid	6(18)(29)	(49,293)	(44,313)
Cash capital increase	6(18)	522,000	-
Interest paid		(1,821)	(4,171)
Net cash flows from (used in) financing activities		458,216	(14,713)
Effect of exchange rate changes		18,109	(3,550)
Net increase in cash and cash equivalents		599,363	63,919
Cash and cash equivalents at beginning of period		913,040	561,256
Cash and cash equivalents at end of period		\$ 1,512,403	\$ 625,175

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars)

1. History and Organization

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

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on November 7, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial Instruments'	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 consolidated financial statements are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for those as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for preparation of the consolidated financial statements were in consistent with the consolidated financial statements for the year ended December 31, 2023.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
FOCI Fiber Optic Communications, Inc.	FIOPTec Inc.	Investment business	100%	100%	100%	
FIOPTec Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	100%	100%	100%	
FIOPTec Inc.	Jiangxi FOCI Fiber Optic Communication, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	100%	100%	100%	Note

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
Shanghai FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	100%	100%	100%	

Note: The financial statements of the entity as of and for the nine-month periods ended September 30, 2024 and 2023 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

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

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

E. Significant restrictions: None.

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

(4) Income tax

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

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

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

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Cash on hand and petty cash	\$ 428	\$ 356	\$ 1,332
Checking accounts and demand deposits	228,190	193,236	201,285
Time deposits	1,283,785	719,448	422,558
Total	<u>\$ 1,512,403</u>	<u>\$ 913,040</u>	<u>\$ 625,175</u>

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

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

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 59,365	\$ 237,460	\$ 237,460
Valuation adjustment	(5,565)	(27,060)	(56,660)
	<u>\$ 53,800</u>	<u>\$ 210,400</u>	<u>\$ 180,800</u>

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

<u>Items</u>	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 1,995)	(\$ 13,200)
<u>Items</u>	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	<u>\$ 12,370</u>	<u>\$ 18,000</u>

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

<u>Items</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Non-current items:			
Equity instruments			
Emerging stocks	\$ 69,911	\$ 69,911	\$ 69,911
Unlisted stocks	259,624	259,144	259,144
Valuation adjustment	(186,763)	(180,968)	(159,507)
	<u>\$ 142,772</u>	<u>\$ 148,087</u>	<u>\$ 169,548</u>

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$142,772, \$148,087 and \$169,548 as at September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

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

<u>Items</u>	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ 8,024)	(\$ 2,412)
Dividend income recognized in profit or loss held at the end of the current period	\$ 4,500	\$ -
<u>Items</u>	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 5,796)	(\$ 22,717)
Dividend income recognised in profit or loss held at the end of the current period	\$ 4,500	\$ 14,402

(4) Financial assets at amortized cost

<u>Items</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Non-current items:			
Time deposits	<u>\$ 2,939</u>	<u>\$ 2,939</u>	<u>\$ 2,939</u>

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

<u>Items</u>	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Interest income	<u>\$ 13</u>	<u>\$ 12</u>

Items	Nine months ended September 30,	
	2024	2023
Interest income	\$ 36	\$ 29

B. As at September 30, 2024, December 31, 2023 and September 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was \$2,939.

C. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

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

(5) Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 615	\$ 641	\$ 327
Accounts receivable - general customers	287,872	277,274	275,745
Accounts receivable - related parties	-	1,391	787
	288,487	279,306	276,859
Less: Allowance for uncollectible accounts	(183)	(79)	(1,098)
	<u>\$ 288,304</u>	<u>\$ 279,227</u>	<u>\$ 275,761</u>

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

	September 30, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 234,629	\$ 615	\$ 256,348	\$ 641
Up to 30 days	27,666	-	11,940	-
31 to 90 days	24,073	-	9,960	-
91 to 180 days	1,333	-	150	-
Over 180 days	171	-	267	-
	<u>\$ 287,872</u>	<u>\$ 615</u>	<u>\$ 278,665</u>	<u>\$ 641</u>

	September 30, 2023	
	Accounts receivable	Notes receivable
Not past due	\$ 244,181	\$ 327
Up to 30 days	14,129	-
31 to 90 days	13,513	-
91 to 180 days	4,702	-
Over 180 days	7	-
	<u>\$ 276,532</u>	<u>\$ 327</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2024, December 31, 2023 and September 30, 2023, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers amounted to \$333,388.

C. As at September 30, 2024, December 31, 2023 and September 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$615, \$641 and \$327; \$287,689, \$278,586 and \$276,532, respectively.

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

(6) Inventories

	September 30, 2024	December 31, 2023	September 30, 2023
Finished goods	\$ 166,446	\$ 198,885	\$ 204,823
Work in progress	42,424	16,090	22,546
Raw materials	<u>90,967</u>	<u>69,275</u>	<u>94,809</u>
Subtotal	299,837	284,250	322,178
Allowance for inventory valuation losses	(45,769)	(41,111)	(49,910)
Total	<u>\$ 254,068</u>	<u>\$ 243,139</u>	<u>\$ 272,268</u>

The cost of inventories recognized as expense for the period:

	Three months ended September 30,	
Items	2024	2023
Cost of goods sold	\$ 326,838	\$ 272,066
Loss (gain on reversal of) on decline in market value	941	(7,740)
Loss on scrapping inventory	293	38
Lease cost	<u>421</u>	<u>422</u>
	<u>\$ 328,493</u>	<u>\$ 264,786</u>

Items	Nine months ended September 30,	
	2024	2023
Cost of goods sold	\$ 853,073	\$ 807,584
Loss (gain on reversal of) on decline in market value	3,483 (	5,428)
Loss on scrapping inventory	425	84
Lease cost	1,261	1,264
	<u>\$ 858,242</u>	<u>\$ 803,504</u>

For the nine months ended September 30, 2023, the Group reversed from 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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
BKS TEC Corp.	\$ -	\$ 6,644	\$ 11,708

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

	Three months ended September 30,	
	2024	2023
Loss for the period from continuing operations	\$ -	(\$ 1,163)
Other comprehensive loss, net of tax	-	-
Total comprehensive loss for the period	<u>\$ -</u>	<u>(\$ 1,163)</u>
	Nine months ended September 30,	
	2024	2023
Loss for the period from continuing operations	(\$ 1,664)	(\$ 2,965)
Other comprehensive loss, net of tax	-	-
Total comprehensive loss for the period	<u>(\$ 1,664)</u>	<u>(\$ 2,965)</u>

B. BKS TEC Corp. increased its capital on April 1, 2024. The Group did not participate in the capital increase. As a result, the Group 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 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. 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. On December 31, 2023 and September 30, 2023, the Group held 11.07% and 11.76% equity interests in BKS TEC Corp. and held 1 seat in the Board of Directors, respectively, and thus the Group was considered to have significant influence over BKS TEC Corp..

D. For the year ended December 31, 2023, based on the Company's assessment, an impairment loss of \$3,790 was recognized due to the recoverable amount of BKS TEC Corp. is less than its carrying amount.

(8) Property, plant and equipment

	2024							
	Buildings and structures	Machinery and equipment	Research and development equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction and equipment under acceptance	Total
<u>Cost</u>								
Opening net book amount as at January 1	\$ 392,762	\$ 285,867	\$ 93,141	\$ 1,884	\$ 6,417	\$ 24,868	\$ 13,385	\$ 818,324
Additions for the period	1,757	42,394	19,363	-	3,171	2,380	117,916	186,981
Disposals for the period	(20,498)	(22,638)	(8,218)	-	(836)	(345)	-	(52,535)
Reclassifications in the period	-	13,818	(1,304)	-	-	(258)	(13,385)	(1,129)
Translation adjustments	589	3,303	-	83	177	1,116	160	5,428
At September 30	<u>\$ 374,610</u>	<u>\$ 322,744</u>	<u>\$ 102,982</u>	<u>\$ 1,967</u>	<u>\$ 8,929</u>	<u>\$ 27,761</u>	<u>\$ 118,076</u>	<u>\$ 957,069</u>
<u>Accumulated depreciation and impairment</u>								
At January 1	\$ 195,090	\$ 199,720	\$ 43,616	\$ 1,038	\$ 5,326	\$ 17,641	\$ -	\$ 462,431
Depreciation expense for the period	10,255	30,136	17,423	106	359	1,348	-	59,627
Disposals for the period	(20,498)	(21,890)	(8,218)	-	(790)	(278)	-	(51,674)
Reclassifications in the period	-	(897)	-	-	-	(232)	-	(1,129)
Translation adjustments	576	1,770	-	48	155	793	-	3,342
Closing net book amount as at September 30	<u>185,423</u>	<u>208,839</u>	<u>52,821</u>	<u>1,192</u>	<u>5,050</u>	<u>19,272</u>	<u>-</u>	<u>472,597</u>
Net amount	<u>\$ 189,187</u>	<u>\$ 113,905</u>	<u>\$ 50,161</u>	<u>\$ 775</u>	<u>\$ 3,879</u>	<u>\$ 8,489</u>	<u>\$ 118,076</u>	<u>\$ 484,472</u>

2023

	Buildings and structures	Machinery and equipment	Research and development equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction and equipment under acceptance	Total
<u>Cost</u>								
Opening net book amount as at January 1	\$ 408,025	\$ 294,230	\$ 77,185	\$ 2,513	\$ 7,355	\$ 7,948	\$ -	\$ 797,256
Additions for the period	4,574	2,790	13,907	-	-	167	7,848	29,286
Disposals for the period	(270)	(1,938)	(3,282)	-	(108)	(152)	-	(5,750)
Reclassifications in the period	-	(148)	497	-	-	46	-	395
Translation adjustments	(9)	(30)	-	(1)	(2)	(3)	-	(45)
At September 30	<u>\$ 412,320</u>	<u>\$ 294,904</u>	<u>\$ 88,307</u>	<u>\$ 2,512</u>	<u>\$ 7,245</u>	<u>\$ 8,006</u>	<u>\$ 7,848</u>	<u>\$ 821,142</u>
<u>Accumulated depreciation and impairment</u>								
At January 1	\$ 198,756	\$ 169,766	\$ 41,555	\$ 1,327	\$ 5,574	\$ 3,360	\$ -	\$ 420,338
Depreciation expense for the period	12,636	27,452	12,840	194	391	954	-	54,467
Disposals for the period	(270)	(1,920)	(3,282)	-	(97)	(136)	-	(5,705)
Reclassifications in the period	-	(15)	-	-	-	(86)	-	(101)
Translation adjustments	(9)	7	-	-	(2)	2	-	(2)
Closing net book amount as at September 30	<u>211,113</u>	<u>195,290</u>	<u>51,113</u>	<u>1,521</u>	<u>5,866</u>	<u>4,094</u>	<u>-</u>	<u>468,997</u>
Net amount	<u>\$ 201,207</u>	<u>\$ 99,614</u>	<u>\$ 37,194</u>	<u>\$ 991</u>	<u>\$ 1,379</u>	<u>\$ 3,912</u>	<u>\$ 7,848</u>	<u>\$ 352,145</u>

- A. The significant components of buildings include main plants and electromechanical power equipment and constructions and clean room, which are depreciated over 55 years, 10 years, and 10 years, respectively.
- B. The equipment was for the Group's own use and not for lease.

(9) Leasing arrangements — lessee

A. The Group leases various assets including land, buildings, business vehicles, multifunction printers.

Rental contracts are typically made for periods of 1 to 20 years.

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 70,873	\$ 72,650	\$ 73,242
Buildings	21,068	19,069	26,419
Transportation equipment (Business vehicles)	1,014	2,078	2,107
Research and development equipment	-	-	-
	<u>\$ 92,955</u>	<u>\$ 93,797</u>	<u>\$ 101,768</u>

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 592	\$ 592
Buildings	3,147	4,205
Transportation equipment (Business vehicles)	355	358
Research and development equipment	-	83
	<u>\$ 4,094</u>	<u>\$ 5,238</u>

	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,777	\$ 1,777
Buildings	10,400	12,626
Transportation equipment (Business vehicles)	1,064	1,071
Research and development equipment	-	332
	<u>\$ 13,241</u>	<u>\$ 15,806</u>

C. For the nine-month periods ended September 30, 2024 and 2023, the additions to right-of-use assets were \$12,228 and \$20,767, respectively.

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

	Three months ended September 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 467	\$ 627
Expense on short-term lease contracts	204	244
Expense on leases of low-value assets	62	80
Total	<u>\$ 733</u>	<u>\$ 951</u>
	Nine months ended September 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,505	\$ 1,470
Expense on short-term lease contracts	854	788
Expense on leases of low-value assets	221	262
Total	<u>\$ 2,580</u>	<u>\$ 2,520</u>

E. For the nine-month periods ended September 30, 2024 and 2023, the Group's total cash outflow for leases were \$15,250 and \$18,749, respectively.

(10) Leasing arrangements – lessor

- A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a certain amount of guarantee deposits is required.
- B. For the three-month and nine-month periods ended September 30, 2024 and 2023, the Group recognized rent income in the amounts of \$2,626, \$2,626, \$7,878 and \$7,878, 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Not later than one year	\$ 6,764	\$ 10,169	\$ 10,317
Later than one year but not later than five years	98	4,035	6,513
Total	<u>\$ 6,862</u>	<u>\$ 14,204</u>	<u>\$ 16,830</u>

(11) Investment property

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Buildings and structures</u>			
Cost			
Equity at beginning / end of period	<u>94,436</u>	<u>94,436</u>	<u>94,436</u>
Accumulated depreciation			
Equity at beginning of period	<u>43,031</u>	<u>40,908</u>	<u>40,908</u>
Additions for the period	<u>1,261</u>	<u>2,123</u>	<u>1,264</u>
Equity at end of period	<u>44,292</u>	<u>43,031</u>	<u>42,172</u>
Closing net book amount as at September 30	<u>\$ 50,144</u>	<u>\$ 51,405</u>	<u>\$ 52,264</u>

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

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Rental income from investment property	<u>\$ 2,626</u>	<u>\$ 2,626</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 420</u>	<u>\$ 422</u>
	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Rental income from investment property	<u>\$ 7,878</u>	<u>\$ 7,878</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 1,261</u>	<u>\$ 1,264</u>

B. The fair value of the investment property held by the Group as at September 30, 2024, December 31, 2023 and September 30, 2023, was \$92,074, \$92,672 and \$92,672, respectively, which was valued by the Group using the income approach which is categorized within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Discount rate	<u>2.47%</u>	<u>2.345%</u>	<u>2.345%</u>

(12) Other non-current assets

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Prepayments for business facilities	<u>\$ 5,334</u>	<u>\$ 52,485</u>	<u>\$ 61,463</u>
Guarantee deposits paid	<u>4,318</u>	<u>7,399</u>	<u>3,354</u>
Other assets	<u>911</u>	<u>1,731</u>	<u>3,499</u>
	<u>\$ 10,563</u>	<u>\$ 61,615</u>	<u>\$ 68,316</u>

(13) Short-term borrowings

September 30, 2024 and December 31, 2023: None.

Type of borrowings	September 30, 2023	Interest rate range	Collateral
Bank secured borrowings	\$ 230,000	1.73% ~ 1.86%	None

(14) Other payables

	September 30, 2024	December 31, 2023	September 30, 2023
Salaries and bonuses payable	\$ 28,798	\$ 28,559	\$ 24,750
Payable on equipment	41,615	5,257	8,640
Employees' compensation and directors' remuneration payable	-	-	1,258
Dividends payable	27	-	-
Others	42,640	23,370	24,828
	<u>\$ 113,080</u>	<u>\$ 57,186</u>	<u>\$ 59,476</u>

(15) Pensions

- A. The Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. The Company's mainland China subsidiaries in Shanghai, Jiangxi, and Zhongshan have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the nine-month periods ended September 30, 2024 and 2023 was 15% ~ 20%. Other than the monthly contributions, the Group has no further obligations.
- C. The pension costs under defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2024 and 2023 were \$5,689, \$4,816, \$15,854 and \$14,104 respectively.

(16) Share capital

- A. As of September 30, 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:

	<u>2024 (in thousands)</u>	<u>2023 (in thousands)</u>
At January 1	98,641	88,337
Cash capital increase	5,000	-
Convertible bonds converted to ordinary shares	-	304
At September 30	<u>103,641</u>	<u>88,641</u>

- B. The Board of Directors of the Company during their meeting on August 3, 2023 adopted a resolution to increase the Company's capital by issuing 10,000 thousand ordinary shares with a par value of NT\$10 (in dollars) per share, the issuing price was NT\$52.8 (in dollars) per share. The capital increase was approved by the competent authority on September 26, 2023 and the effective date of the capital increase was set on November 3, 2023. Proceeds had been fully collected and the registration for the change had been completed.
- C. 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 for the year ended December 31, 2023.
- 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 on July 5, 2024.

(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 September 30	<u>\$ 1,437,824</u>	<u>\$ 1,775</u>	<u>\$ 258</u>	<u>\$ 1,439,857</u>	
	2023				
	Share premium	Stock options	Changes in ownership interests in subsidiaries	Gains on disposals of fixed assets and others	Total
At January 1	\$ 553,074	\$ 474	\$ 1,775	\$ 258	\$ 555,581
Bonds converted by the issuing company	4,326	(474)	-	-	3,852
At September 30	<u>\$ 557,400</u>	<u>\$ -</u>	<u>\$ 1,775</u>	<u>\$ 258</u>	<u>\$ 559,433</u>

(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:
- Pay all taxes;
 - Cover prior years' losses;
 - Set aside 10% as legal reserve (unless the legal reserve has reached the total capital);
 - Set aside or reverse special reserve as required by regulations;
 - The remainder, if any, along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and be resolved by the shareholders.
- B. The Board of Directors of the Company may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends, bonus, legal reserve, or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting.

- C. The Company's dividend policy is set up in accordance with the Company Act and the Company's Articles of Incorporation, and in consideration of factors including the Company's capital and financial structure, operational condition, earnings, and the industry's nature and cycle, etc. Suppose the Company has a surplus in its final annual accounts, and the distributable surplus reaches 2% of the paid-in capital. In that case, the dividend distribution shall not be less than 10% of the distributable surplus. Cash dividends are preferred in the distribution of earnings, but stock dividends can also be distributed on the basis that the distribution ratio of stock dividends is no higher than 50% of total dividends of the year.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. Legal reserve shall be set aside until its balance reaches the Company's total paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of its paid-in capital, the excess may be transferred to capital or distributed in cash.
- F. The Board of Directors on February 23, 2023 and the shareholder's meeting on May 30, 2023 adopted a resolution on the distribution of 2022 earnings, appropriating \$4,702 as legal reserve, reversing special reserve of \$2,359, and distributing \$44,313 as cash dividends at NT\$0.5 (in dollars) per share.
- G. The Board of Directors on February 22, 2024 adopted a resolution on the distribution of 2023 earnings, distribute cash dividends from capital surplus amounting to \$49,320 at NT\$0.5 (in dollars) per share.
- 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	-	(5,796)	(5,796)
Currency translation differences			
– Group:			
–Group	23,391	-	23,391
–Tax on Group	(4,678)	-	(4,678)
At September 30	<u>(\$ 23,181)</u>	<u>(\$ 186,764)</u>	<u>(\$ 209,945)</u>

	2023		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	(\$ 31,436)	(\$ 136,791)	(\$ 168,227)
Revaluation – gross	-	(22,717)	(22,717)
Currency translation differences			
– Group:			
–Group	(2,254)	-	(2,254)
–Tax on Group	451	-	451
At September 30	<u>(\$ 33,239)</u>	<u>(\$ 159,508)</u>	<u>(\$ 192,747)</u>

(20) Operating revenue

	Three months ended September 30,	
	2024	2023
Revenue from contracts with customers	\$ 380,072	\$ 325,603
Others – lease revenue	2,626	2,626
Total	<u>\$ 382,698</u>	<u>\$ 328,229</u>
	Nine months ended September 30,	
	2024	2023
Revenue from contracts with customers	\$ 996,123	\$ 926,594
Others – lease revenue	7,878	7,878
Total	<u>\$ 1,004,001</u>	<u>\$ 934,472</u>

A. Disaggregation of revenue from contracts with customers

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

Three months ended		Other				
September 30, 2024	Taiwan	China	America	Asia	regions	Total
Revenue from external customer contracts	<u>\$ 53,714</u>	<u>\$ 10,813</u>	<u>\$283,731</u>	<u>\$ 24,472</u>	<u>\$ 7,342</u>	<u>\$ 380,072</u>
Three months ended		Other				
September 30, 2023	Taiwan	China	America	Asia	regions	Total
Revenue from external customer contracts	<u>\$ 42,491</u>	<u>\$ 15,603</u>	<u>\$230,548</u>	<u>\$ 35,513</u>	<u>\$ 1,448</u>	<u>\$ 325,603</u>

Nine months ended September 30, 2024	Taiwan	China	America	Asia	Other regions	Total
Revenue from external customer contracts	<u>\$121,411</u>	<u>\$ 23,013</u>	<u>\$779,813</u>	<u>\$ 56,701</u>	<u>\$ 15,185</u>	<u>\$ 996,123</u>
Nine months ended September 30, 2023	Taiwan	China	America	Asia	Other regions	Total
Revenue from external customer contracts	<u>\$120,536</u>	<u>\$ 61,342</u>	<u>\$611,545</u>	<u>\$ 110,526</u>	<u>\$ 22,645</u>	<u>\$ 926,594</u>

B. Contract assets and liabilities

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

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Product sales contracts	<u>\$ 676</u>	<u>\$ 2,256</u>	<u>\$ 2,866</u>	<u>\$ 6,089</u>

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

	Three months ended September 30,	
	2024	2023
Product sales contracts	<u>\$ -</u>	<u>\$ 215</u>
	Nine months ended September 30,	
	2024	2023
Product sales contracts	<u>\$ 2,168</u>	<u>\$ 5,727</u>

(21) Interest income

	Three months ended September 30,	
	2024	2023
Interest income from bank deposits	<u>\$ 4,257</u>	<u>\$ 770</u>
Interest income from financial assets measured at amortised cost	<u>13</u>	<u>12</u>
	<u>\$ 4,270</u>	<u>\$ 782</u>
	Nine months ended September 30,	
	2024	2023
Interest income from bank deposits	<u>\$ 9,042</u>	<u>\$ 3,278</u>
Interest income from financial assets measured at amortised cost	<u>36</u>	<u>29</u>
	<u>\$ 9,078</u>	<u>\$ 3,307</u>

(22) Other income

	Three months ended September 30,	
	2024	2023
Dividend income	\$ 4,500	\$ -
Other income, others	1,211	2,022
	<u>\$ 5,711</u>	<u>\$ 2,022</u>
	Nine months ended September 30,	
	2024	2023
Dividend income	\$ 4,500	\$ 14,402
Other income, others	5,186	2,821
	<u>\$ 9,686</u>	<u>\$ 17,223</u>

(23) Other gains and losses

	Three months ended September 30,	
	2024	2023
Losses on disposals of property, plant and equipment	(\$ 26)	(\$ 19)
Losses on disposals of investments	-	-
Foreign exchange (losses) gains	(11,236)	6,490
Losses on financial assets and liabilities at fair value through profit or loss	(1,995)	(13,200)
Other gains and losses	1	(6)
	<u>(\$ 13,256)</u>	<u>(\$ 6,735)</u>
	Nine months ended September 30,	
	2024	2023
Losses on disposals of property, plant and equipment	(\$ 509)	(\$ 45)
Losses on disposals of investments	(4,500)	-
Foreign exchange gains	4,706	18,252
Gains on financial assets and liabilities at fair value through profit or loss	12,370	18,000
Other gains and losses	498	(130)
	<u>\$ 12,565</u>	<u>\$ 36,077</u>

(24) Finance costs

	Three months ended September 30,	
	2024	2023
Interest expense	\$ 677	\$ 1,681
	Nine months ended September 30,	
	2024	2023
Interest expense	<u>\$ 1,821</u>	<u>\$ 4,234</u>

(25) Expenses by nature

	Three months ended September 30,	
	2024	2023
Employee benefit expense	\$ 106,313	\$ 78,622
Depreciation charges	25,430	24,045
Amortization charges	2,837	609
	<u>\$ 134,580</u>	<u>\$ 103,276</u>
	Nine months ended September 30,	
	2024	2023
Employee benefit expense	\$ 276,146	\$ 240,487
Depreciation charges	74,129	71,537
Amortization charges	10,746	1,816
	<u>\$ 361,021</u>	<u>\$ 313,840</u>

(26) Employee benefit expense

	Three months ended September 30,	
	2024	2023
Wages and salaries	\$ 88,291	\$ 61,376
Director' remuneration	930	745
Labour and health insurance fees	5,440	4,947
Pension costs	5,689	4,816
Other personnel expenses	5,963	6,738
	<u>\$ 106,313</u>	<u>\$ 78,622</u>
	Nine months ended September 30,	
	2024	2023
Wages and salaries	\$ 227,255	\$ 193,087
Director' remuneration	2,847	3,184
Labour and health insurance fees	15,332	14,753
Pension costs	15,854	14,104
Other personnel expenses	14,858	15,359
	<u>\$ 276,146</u>	<u>\$ 240,487</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 5% ~ 15% for employees' compensation and shall not be higher than 5% for directors' remuneration. If the Company has accumulated deficit, earnings should be reserved to cover losses.

B. For the three-month and nine-month periods ended September 30, 2024 and 2023, employees' compensation was accrued at \$0, \$0, \$0 and \$899, respectively; directors' remuneration was accrued at \$0, \$0, \$0 and \$359, respectively. The aforementioned amounts were recognized in salary expenses.

For the nine months ended September 30, 2024, no employees' compensation and directors' remuneration was accrued because of losses incurred for the period.

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 (benefit)

(a) Components of income tax expense (benefit):

	Three months ended September 30,	
	2024	2023
Current tax:		
Current tax on profits for the period	(\$ 3,566)	\$ 1,436
Prior year income tax overestimation	(112)	(4)
Total current tax	(3,678)	1,432
Deferred tax:		
Origination and reversal of temporary differences	(2,177)	5,355
Total deferred tax	(2,177)	5,355
Income tax (benefit) expense	(\$ 5,855)	\$ 6,787
	Nine months ended September 30,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 3,300	\$ 1,436
Prior year income tax underestimation	862	2,368
Total current tax	4,162	3,804
Deferred tax:		
Origination and reversal of temporary differences	(11,915)	(306)
Total deferred tax	(11,915)	(306)
Income tax (benefit) expense	(\$ 7,753)	\$ 3,498

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

	Three months ended September 30,	
	2024	2023
Currency translation differences	\$ 1,299	\$ 2,920
	Nine months ended September 30,	
	2024	2023
Currency translation differences	\$ 4,678	(\$ 451)

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

B. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority, except for the income tax returns through 2021 which have not yet been assessed and approved.

(28) Earnings (Loss) per share

	Three months ended September 30, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 14,773)	103,641	(\$ 0.14)
	Three months ended September 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic and diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 292	88,640	\$ -
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	292	88,640	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	12	
Convertible bonds	2	13	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 294	88,665	\$ -

Nine months ended September 30, 2024		
	Weighted average number of ordinary shares outstanding	Loss per share
<u>Amount after tax</u>	<u>(share in thousands)</u>	<u>(in dollars)</u>
<u>Basic and diluted loss per share</u>		
Loss attributable to ordinary shareholders of the parent	100,422	(\$ 0.17)
	17,484	

Nine months ended September 30, 2023		
	Weighted average number of ordinary shares outstanding	Earnings per share
<u>Amount after tax</u>	<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic earnings per share</u>		
Profit attributable to ordinary shareholders of the parent	88,471	\$ 0.22
	19,576	
<u>Diluted earnings per share</u>		
Profit attributable to ordinary shareholders of the parent	88,471	
Assumed conversion of all dilutive potential ordinary shares		
Employees' compensation	49	
Convertible bonds	304	
	34	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	88,824	\$ 0.22
	19,610	

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

Nine months ended September 30,		
	2024	2023
Purchase of property, plant and equipment	\$ 186,981	\$ 29,286
Add: Opening balance of payable on equipment	5,257	5,096
Less: Ending balance of payable on equipment	(41,615)	(8,640)
Cash paid during the period	\$ 150,623	\$ 25,742

B. Financing activities with partial cash payments:

	Nine months ended September 30,	
	2024	2023
Cash dividends declared	\$ 49,320	\$ 44,313
Less: Ending balance of dividends payable	(27)	-
Cash paid during the period	<u>\$ 49,293</u>	<u>\$ 44,313</u>

(30) Changes in liabilities from financing activities

	2024	
	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 95,900	\$ 95,900
Changes in cash flow from financing activities	(12,670)	(12,670)
Interest payments	(1,505)	(1,505)
Amortisation charges on interest expenses	1,505	1,505
Changes in other non-cash items	11,378	11,378
Impact of changes in foreign exchange rate	865	865
At September 30	<u>\$ 95,473</u>	<u>\$ 95,473</u>

	2023			
	Short-term borrowings	Bonds payable	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 180,000	\$ 6,829	\$ 99,827	\$ 286,656
Changes in cash flow from financing activities	50,000	-	(16,229)	33,771
Interest payments	-	-	(1,470)	(1,470)
Amortisation charges on interest expenses	-	62	1,470	1,532
Changes in other non-cash items	-	(6,891)	20,767	13,876
Impact of changes in foreign exchange rate	-	-	31	31
At September 30	<u>\$ 230,000</u>	<u>\$ -</u>	<u>\$ 104,396</u>	<u>\$ 334,396</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with 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:

		Three months ended September 30,	
		2024	2023
Sales of goods:			
BKS TEC Corp.	\$	-	\$ 801
		Nine months ended September 30,	
		2024	2023
Sales of goods:			
BKS TEC Corp.	\$	189	\$ 2,339

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

B. Purchases:

		Three months ended September 30,	
		2024	2023
Purchases of goods:			
BKS TEC Corp.	\$	-	\$ 799
		Nine months ended September 30,	
		2024	2023
Purchases of goods:			
BKS TEC Corp.	\$	-	\$ 1,656

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

C. Receivables from related parties:

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable:			
BKS TEC Corp.	\$ -	\$ 1,391	\$ 787
Other receivables - current:			
BKS TEC Corp.	\$ -	\$ 1,856	\$ 43
Lease payments receivable - non current:			
BKS TEC Corp.	\$ -	\$ 1,731	\$ 3,193

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

The Group leased assets to BKS TEC Corp. under finance lease, and on December 31, 2023 and September 30, 2023, the Group accounted its lease payments receivable as other receivables and other non-current assets in the amounts of \$1,380, \$1,189, \$1,731, and \$2,004.

D. Payables to related parties:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts payable:			
BKS TEC Corp.	\$ -	\$ -	\$ 840

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

(3) Key management compensation

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 4,168	\$ 4,443
Post-employment benefits	141	137
	<u>\$ 4,309</u>	<u>\$ 4,580</u>
	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 11,601	\$ 10,512
Post-employment benefits	382	410
	<u>\$ 11,983</u>	<u>\$ 10,922</u>

8. Pledged Assets

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

	<u>Book value</u>			
<u>Pledged asset</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>	<u>Purpose</u>
Time deposits (Note)	\$ 2,939	\$ 2,939	\$ 2,939	Land lease deposits

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

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

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

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

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 53,800	\$ 210,400	\$ 180,800
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	142,772	148,087	169,548
Financial assets at amortised cost			
Cash and cash equivalents	1,512,403	913,040	625,175
Notes receivable	615	641	327
Accounts receivable (including related parties)	287,689	278,586	275,434
Other receivables (including related parties)	9,471	5,518	11,485
Financial assets at amortised cost	2,939	2,939	2,939
Guarantee deposits paid	4,318	7,399	3,354
	<u>\$ 2,014,007</u>	<u>\$ 1,566,610</u>	<u>\$ 1,269,062</u>
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ -	\$ -	\$ 230,000
Notes payable	3,268	1,873	3,224
Accounts payable (including related parties)	175,841	113,892	122,639
Other payables	113,080	57,186	59,476
Bonds payable	-	-	-
Guarantee deposits received	1,714	1,714	1,714
	<u>\$ 293,903</u>	<u>\$ 174,665</u>	<u>\$ 417,053</u>
Lease liability	<u>\$ 95,473</u>	<u>\$ 95,900</u>	<u>\$ 104,396</u>

B. Financial risk management policies

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

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

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

Exchange rate risk

- i. The Group's cash inflows and outflows are partially denominated in foreign currencies and therefore have a natural hedging effect. The Group manages exchange rate risk for hedging purposes, not for profit-making.
- ii. The Group's strategy to manage exchange rate risk is to regularly review the net position of assets and liabilities in each currency and manage the risk accordingly. Currently, trading foreign currency deposits is the main tool to hedge exchange rate risk.
- iii. As the net investments in foreign operations are considered to be strategic investments, the Company does not hedge the investments.
- iv. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2024			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 9,929	31.59	\$ 313,657
USD:RMB	8,549	6.9905	270,063
<u>Non-monetary items</u>			
USD:NTD	\$ 12,868	31.59	\$ 410,087
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 8,797	31.59	\$ 277,897
USD:RMB	822	6.9905	25,967
<u>Non-monetary items:</u> None.			

December 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 11,447	30.69	\$ 351,308
USD:RMB	9,507	7.09	291,770
<u>Non-monetary items</u>			
USD:NTD	\$ 13,309	30.69	\$ 408,461
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 9,602	30.69	\$ 294,685
USD:RMB	2,801	7.09	85,963
<u>Non-monetary items: None.</u>			

September 30, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 11,420	32.27	\$ 368,523
USD:RMB	8,515	7.31	274,779
<u>Non-monetary items</u>			
USD:NTD	\$ 12,642	32.27	\$ 407,957
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 8,345	32.27	\$ 269,293
USD:RMB	2,489	7.31	80,320
<u>Non-monetary items: None.</u>			

- v. The total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2024 and 2023 amounted to (\$11,236), \$6,490, \$4,706 and \$18,252, respectively.

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

Nine months ended September 30, 2024				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 3,137	\$	-
USD:RMB	1%	2,701		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$ 2,779)	\$	-
USD:RMB	1%	(260)		-
Nine months ended September 30, 2023				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 3,685	\$	-
USD:RMB	1%	2,748		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$ 2,693)	\$	-
USD:RMB	1%	(803)		-

Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial asset measured at fair value through profit or loss and measured at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

- ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of financial instruments would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 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 \$3,295 and \$3,291, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with good credit rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9 that if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties ;

- (ii) The disappearance of an active market for that financial asset because of financial difficulties ;
- (iii) Default or delinquency in interest or principal repayments ;
- (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable and accounts receivable. On September 30, 2024, December 31, 2023 and September 30, 2023, the provision matrix is as follows:

	Not past due	Up to 30 days	31~90 days	91~180 days	Over 180 days	Total
<u>At September 30, 2024</u>						
Expected loss rate	0.03%	0.03%	0.03%	0.03%	0.03%~100%	
Total book value	<u>\$ 235,244</u>	<u>\$ 27,666</u>	<u>\$ 24,073</u>	<u>\$ 1,333</u>	<u>\$ 171</u>	<u>\$ 288,487</u>
Loss allowance	<u>(\$ 70)</u>	<u>(\$ 8)</u>	<u>(\$ 7)</u>	<u>(\$ 1)</u>	<u>(\$ 97)</u>	<u>(\$ 183)</u>
	Not past due	Up to 30 days	31~90 days	91~180 days	Over 180 days	Total
<u>At December 31, 2023</u>						
Expected loss rate	0.03%	0.03%	0.03%	0.03%-46.31%	0.03%-100%	
Total book value	<u>\$ 256,989</u>	<u>\$ 11,940</u>	<u>\$ 9,960</u>	<u>\$ 150</u>	<u>\$ 267</u>	<u>\$ 279,306</u>
Loss allowance	<u>(\$ 73)</u>	<u>(\$ 4)</u>	<u>(\$ 2)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 79)</u>
	Not past due	Up to 30 days	31~90 days	91~180 days	Over 180 days	Total
<u>At September 30, 2023</u>						
Expected loss rate	0.00%	0%-5%	5.00%	20.00%	50%-100%	
Total book value	<u>\$ 244,508</u>	<u>\$ 14,129</u>	<u>\$ 13,513</u>	<u>\$ 4,702</u>	<u>\$ 7</u>	<u>\$ 276,859</u>
Loss allowance	<u>\$ -</u>	<u>(\$ 609)</u>	<u>(\$ 364)</u>	<u>(\$ 122)</u>	<u>(\$ 3)</u>	<u>(\$ 1,098)</u>

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

	2024	
	Accounts receivable	Other receivable
At January 1	\$ 79	\$ -
Write-offs during the period	(173)	-
Provision for impairment	246	-
Effect of exchange rate changes	31	-
At September 30	<u>\$ 183</u>	<u>\$ -</u>

	2023	
	Accounts receivable	Other receivable
At January 1	\$ 1,896	\$ -
Write-offs during the period	(75)	-
Reversal of allowance loss due to recovery	(723)	-
At September 30	<u>\$ 1,098</u>	<u>\$ -</u>

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

(c) Liquidity risk

- i. The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

- ii. The group has the following undrawn borrowing facilities:

	September 30, 2024	December 31, 2023	September 30, 2023
Floating rate:			
Expiring within one year	<u>\$ 589,525</u>	<u>\$ 508,183</u>	<u>\$ 278,183</u>

- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	At September 30, 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
<u>Non-derivative financial liabilities</u>							
Notes payable	\$	1,378	\$ -	\$ 1,890	\$ -	\$ -	\$ 3,268
Accounts payable		63,173	98,374	14,294	-	-	175,841
Other payables		69,985	13,756	29,339	-	-	113,080
Lease liability		1,492	2,725	9,010	24,940	72,909	111,076

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
<u>Non-derivative financial liabilities</u>						
Notes payable	\$ 28	\$ -	\$ 1,845	\$ -	\$ -	\$ 1,873
Accounts payable	59,858	48,441	5,593	-	-	113,892
Other payables	35,585	14,468	7,133	-	-	57,186
Lease liability	2,688	5,375	16,268	12,888	75,103	112,322
<u>Derivative financial liabilities:</u> None.						

At September 30, 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
<u>Non-derivative financial liabilities</u>						
Short-term borrowings	\$ 357	\$230,258	\$ -	\$ -	\$ -	\$ 230,615
Notes payable	1,379	1,845	-	-	-	3,224
Accounts payable (including related parties)	69,413	49,008	4,218	-	-	122,639
Other payables	37,434	11,262	10,780	-	-	59,476
Lease liability	1,903	3,702	12,356	24,032	75,835	117,828
<u>Derivative financial liabilities:</u> None.						

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds, corporate bonds and derivative instruments with quoted market prices is included in Level 1.

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

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

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

C. Financial instruments not measured at fair value

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

D. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2024, December 31, 2023 and September 30, 2023, are as follows:

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

September 30, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 53,800	\$ -	\$ -	\$ 53,800
Financial assets at fair value through other comprehensive income				
Emerging stocks	29,089	-	-	29,089
Unlisted stocks	-	-	113,683	113,683
	<u>\$ 82,889</u>	<u>\$ -</u>	<u>\$ 113,683</u>	<u>\$ 196,572</u>
Liabilities				
<u>Recurring fair value measurements: None.</u>				
December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 210,400	\$ -	\$ -	\$ 210,400
Financial assets at fair value through other comprehensive income				
Emerging stocks	30,658	-	-	30,658
Unlisted stocks	-	-	117,429	117,429
	<u>\$ 241,058</u>	<u>\$ -</u>	<u>\$ 117,429</u>	<u>\$ 358,487</u>
Liabilities				
<u>Recurring fair value measurements: None.</u>				

<u>September 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 180,800	\$ -	\$ -	\$ 180,800
Financial assets at fair value through other comprehensive income				
Emerging stocks	35,305	-	-	35,305
Unlisted stocks	-	-	134,243	134,243
	<u>\$ 216,105</u>	<u>\$ -</u>	<u>\$ 134,243</u>	<u>\$ 350,348</u>

Liabilities

Recurring fair value measurements: None.

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

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

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

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

E. For the nine-month periods ended September 30, 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 nine-month periods ended September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
	<u>Financial instruments</u>	<u>Financial instruments</u>
At January 1	\$ 117,429	\$ 155,995
Reclassification from investments accounted for using equity method	480	-
Gain or loss recognized in other comprehensive income	(4,226)	(21,752)
At September 30	<u>\$ 113,683</u>	<u>\$ 134,243</u>

G. For the nine-month periods ended September 30, 2024 and 2023, there was no transfer into or out from Level 3.

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

	<u>Fair value at September 30, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares \$	29,630	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares	-	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	41,572	Income approach	Discount for lack of marketability and discount for lack of control	15.70%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value
Unlisted shares	42,481	Income approach	Discount for lack of marketability and discount for lack of control	32.28%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value

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

	<u>Fair value at September 30, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 30,465	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares	404	Market comparable companies	Discount for lack of marketability	20.60%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	70,741	Market comparable companies	Discount for lack of marketability	32.33%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	32,633	Income approach	Discount for lack of marketability and discount for lack of control	15.70%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value

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

13. Supplementary Disclosures

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

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: 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

(1) General information

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

(2) Measurement of segment information

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

	Three months ended September 30	
	2024	2023
Revenue from external customers	\$ 382,698	\$ 328,229
Segment (loss) income	(\$ 14,773)	\$ 292
	Nine months ended September 30	
	2024	2023
Revenue from external customers	\$ 1,004,001	\$ 934,472
Segment (loss) income	(\$ 17,484)	\$ 19,576
	Nine months ended September 30	
	2024	2023
Segment assets (Note)	\$ 2,759,086	\$ 1,781,590

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

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Loans to others

Nine months ended September 30, 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 nine months ended	Balance at September 30, 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
					September 30, 2024 (Note 2)								Item	Value			
1	Jiangxi FOCI Fiber Optic Communication, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	Other receivables due from related parties	Yes	\$ 99,418 (CNY 22,000)	\$ 99,418 (CNY 22,000)	\$ 99,418 (CNY 22,000)	3.35-3.45	Short-term financing	\$ -	Opertations	-	-	-	\$ 110,525 (Note 4)	\$ 110,525 (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 nine months ended September 30, 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

Nine months ended September 30, 2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/ guaranteed		Limit on endorsements/guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2024	Outstanding endorsement/ guarantee amount at September 30, 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
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	The Company	Shanghai FOCI Fiber Optic Communications, Inc.	2	\$ 781,909	\$ 36,152	\$ 36,152	\$ -	\$ -	1.39%	\$ 1,303,181	Y	N	Y	
0	The Company	Zhongshan FOCI Fiber Optic Communications, Inc.	2	781,909	45,190	45,190	-	-	1.73%	\$ 1,303,181	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)

Nine months ended September 30, 2024

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of September 30, 2024				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares/units (thousands of shares/units)	Book value	Ownership (%)	Fair value	Footnote
FOCI Fiber Optic Communications, Inc.	APEX OPTECH CORPORATION	None	Financial assets at fair value through other comprehensive income	99	\$ 1,669	3.95%	\$ 1,669	
FOCI Fiber Optic Communications, Inc.	APEX BVI	None	Financial assets at fair value through other comprehensive income	155	-	1.83%	-	
FOCI Fiber Optic Communications, Inc.	DARJUN VENTURE CORPORATION	None	Financial assets at fair value through other comprehensive income	2,738	27,942	5.78%	27,942	
FOCI Fiber Optic Communications, Inc.	GINGY Technology Inc.	None	Financial assets at fair value through other comprehensive income	62	-	0.67%	-	
FOCI Fiber Optic Communications, Inc.	Xsense Technology Corporation, INC.	None	Financial assets at fair value through other comprehensive income	2,263	41,572	9.84%	41,572	
FOCI Fiber Optic Communications, Inc.	Aptos Technology Inc.	None	Financial assets at fair value through other comprehensive income	9,000	42,481	14.91%	42,481	
FOCI Fiber Optic Communications, Inc.	ADVAGENE BIOPHARMA CO., LTD.	None	Financial assets at fair value through other comprehensive income	1,207	29,089	2.26%	29,089	
FOCI Fiber Optic Communications, Inc.	BKS TEC Corp.	None	Financial assets at fair value through other comprehensive income	600	19	3.89%	19	
FOCI Fiber Optic Communications, Inc.	United Microelectronics Corporation	None	Financial assets at fair value through profit or loss	1,000	53,800	0.01%	53,800	

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

Nine months ended September 30, 2024

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance at September 30, 2024	Percentage of total notes/accounts receivable (payable)	
The Company	Shanghai FOCI Fiber Optic Communications, Inc.	Subsidiary	Purchase	\$ 311,222	31.65%	60 days	Note 1	Note 1	(\$ 151,012)	50.27%	
The Company	Zhongshan FOCI Fiber Optic Communications, Inc.	Subsidiary	Purchase	357,367	36.34%	60 days	Note 1	Note 1	(96,085)	31.99%	
The Company	Zhongshan FOCI Fiber Optic Communications, Inc.	Subsidiary	Sales	158,549	13.08%	60 days	Note 2	Note 2	20,475	6.73%	

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 customers, 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
Nine months ended September 30, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2024	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for creditor counterparty doubtful accounts
					Amount	Action taken		
Shanghai FOCI Fiber Optic Communications, Inc.	FOCI Fiber Optic Communications, Inc.	Parent company of the entity	\$ 151,012	3.20	\$ -	-	\$ 3,354	\$ -

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
Nine months ended September 30, 2024

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Purchase	\$ 311,222	Note 5	31%
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Sales	81,031	Note 5	8%
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Accounts payable	151,012	Note 5	5%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Purchase	357,367	Note 5	36%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Sales	158,549	Note 5	16%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Accounts payable	96,085	Note 5	3%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Accounts receivable	20,475	Note 5	1%
1	Jiangxi FOCI Fiber Optic Communication, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	3	Other receivables	99,418	Note 6	3%
2	Shanghai FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	3	Purchase	19,125	Note 5	2%
2	Shanghai FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	3	Accounts payable	16,452	Note 5	1%

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

Nine months ended September 30, 2024

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2024			Net income of investee as of September 30, 2024	Investment income(loss) recognised by the Company for the nine months ended September 30, 2024	Footnote
				Balance as at September 30, 2024	Balance as at December 31, 2023	Number of shares (shares)	Ownership (%)	Book value			
FOCI Fiber Optic Communications, Inc.	FIOPTec Inc.	Cayman Islands	Investment business	\$ 389,004	\$ 389,004	12,200,000	100%	\$ 410,087	\$ 18,719	\$ 18,719	Note 1

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.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2024

Table 8

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

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated	Amount remitted from Taiwan to		Accumulated	Net income of	Ownership held	Investment income		Book value of	Accumulated		Footnote
				amount of	Mainland China/Amount remitted		amount of								
				remittance from	back to Taiwan for the nine months		remittance from	investee as of		(loss) recognised by		investments in	investment income	remitted back to	
				Taiwan to Mainland	ended September 30, 2024		Taiwan to Mainland	September 30,		the Company for the		Mainland China as	September 30,	Taiwan as of	
				China as of	Remitted to	Remitted back to	China as of	September 30,		September 30, 2024		of September 30,	2024	September 30,	
				January 1, 2024	Mainland China	Taiwan	September 30, 2024	2024		(Note 3)		2024	2024	2024	
Shanghai FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	USD 7,200	Note 1	\$ 239,388 (USD 7,200)	\$ -	\$ -	\$ 239,388 (USD 7,200)	\$ 15,602	100%	\$ 15,602	\$	299,562	\$ 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 5,000	Note 1	149,616 (USD 5,000)	-	-	149,616 (USD 5,000)	3,173	100%	3,173		110,525	-		
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	-	-	-	-	13,513	100%	13,513		99,287	-		
		Investment amount	Ceiling on												
		approved by the	investments in												
		Investment	Mainland China												
		Commission of the	imposed by the												
		Ministry of Economic	Investment												
		Affairs (MOEA)	Commission of												
			MOEA												
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024														
FOCI Fiber Optic Communications, Inc.	\$ 389,004	\$ 389,004	\$ 1,563,817												

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 May 30, 2024, the Board of Directors of Shanghai FOCI Fiber Optic Communications, Inc. resolved the distribution of earnings for and before 2023, distributed cash dividends amounting to RMB 8,665 thousand, approximately NT\$39,462 thousand, and deducted withholding income tax to RMB 7,798 thousand, approximately NT\$35,477 thousand. The amounts were actually paid on June 10, 2024.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Major shareholders information

Nine months ended September 30, 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 September 30, 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).