Stock Code: 3363

FOCI Fiber Optic Communications, Inc.

2024 Annual Report

Printed on 25 March 2025

This report is available on:
(1) TWSE MOPS: http://mops.twse.com.tw
(2) FOCI website: http://www.foci.com.tw

Notice to readers
This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

1. Company spokesperson
Name: Ya-fang Yu
Job title: Dept. director
Tel: (03)577-0099
Email: ir@foci-cpo.com

Spokesperson substitute
Name: Shy-jge Wang
Job title: VP
Tel: (03)577-0099
Email: ir@foci-cpo.com

2. Company and factory address and phone numbers
HQs and Hsinchu Factory
Address: No. 18, Zhanye 2nd Rd., East Dist. (Hsinchu Science Park), Hsinchu City
Tel: 03-577-0099

3. Organization for stock transfer
Name: Stock Agency, Taishin Securities Co., Ltd.
Address: B1., No.96, Sec.1, Jianguo N. Rd., Zhongshan Dist., Taipei city
Tel: (02)2504-8125
Website: https://www.tssco.com.tw/

4. CPA approving the latest annual financial statement
CPA office name: PWC Taiwan
Accounts' names: Shu-Chian Bai and Tien-Yi Li
Address: 27F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City
Tel: (02)2729-6666
Website: http://www.pwc.tw

5. The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: none

6. Company website: http://www.foci.com.tw

Contents

I. A report to the shareholders

Greetings to ladies and gentlemen of the shareholders！

Under the rapid development of global Artificial Intelligence (AI) applications, optical communication technology has become a key solution for high-speed transmission and energy consumption reduction. Leveraging forward-looking market insights, FOCI has taken the lead in deploying Silicon Photonics packaging technology and successfully launched Fiber Array Connector products that meet the demands of the semiconductor packaging environment. We continue to capitalize on our strengths in precision optical fiber connection technology, fully committing to technological development and process standardization in the Silicon Photonics packaging field. In the fiscal year 2024, we achieved significant technological breakthroughs and simultaneously planned mass production strategies with international clients. Looking ahead to 2025, this will be a critical moment for the company's transformational growth, and we are fully prepared to embrace future challenges and opportunities.

Operational Overview and Financial Performance
In the fiscal year 2024, FOCI's consolidated revenue reached NT$1,363,877 thousand, with an earnings per share (EPS) of NT$-0.48. Due to the significant increase in R&D investments in the Silicon Photonics business, the company faced challenges during this transformation period. Within limited resources, we optimized adjustments and allocations, actively securing orders in the optical communication components field to maintain a stable revenue scale and mitigate the impact of the transformation on operations.

Technological and Business Development
To align with customer needs and market developments, the company continues to strengthen key technology development and patent deployment in Silicon Photonics packaging, mastering technological innovation, and deepening collaborations with major semiconductor companies to provide comprehensive co-packaged solutions. We focus not only on the development of automated production and testing equipment but also actively adapt to the evolution of customer product specifications to meet their Silicon Photonics chip packaging needs. Additionally, the company is committed to assisting suppliers in enhancing quality and reducing costs to ensure a leading position in the industry.

Production and Marketing Planning
In terms of production layout, the company actively promotes digitalization and intelligence of production lines, improving production efficiency and strengthening real-time production information monitoring to ensure product quality and service stability. According to customer mass production demands, the company plans to expand cleanroom facilities and invest in equipment to enhance overall capacity. Furthermore, in response to geopolitical risks, the company closely monitors customer trends and requirements, investing in the development of automated production lines to meet the potential needs of establishing a third production base.

Corporate Sustainability
The company continues to strengthen information management and human resource integration, optimizing information management systems, and promoting smart factory construction and information security deployment. In terms of talent cultivation, the

company actively collaborates with academic institutions, allowing students to participate in relevant technical and business training in advance to prepare for future talent needs. Simultaneously, we continue to optimize the reward system to attract and retain outstanding talent, steadily moving towards the goal of becoming an international optical communication and Silicon Photonics packaging leader.

Regarding Environmental, Social, and Governance (ESG) aspects, in the fiscal year 2024, the company completed ISO14064-1 greenhouse gas inventory for both the parent company and its subsidiaries in mainland China, obtained customer certification, and was honored with the Gold-Level Sustainable Partner Certificate. In the future, the company will continue to promote greenhouse gas inventories, prepare for carbon reduction plans, and further deepen ESG corporate sustainability guidelines. This year, the company will also invest in the establishment of the ISO45001 occupational safety system to fulfill corporate social responsibility.

Moreover, the company actively participates in social welfare activities, partnering with social welfare organizations to promote sustainable development, focusing on talent cultivation, industry-academia collaboration, and the enhancement of Taiwan's optical communication technology capabilities. We will continue to uphold integrity and corporate responsibility, promoting technological innovation and market expansion based on stable operations, and we look forward to achieving better business results in the fiscal year 2025.

Future Outlook

Looking ahead, the company will continue to leverage its technological advantages and market competitiveness, seizing growth opportunities through strategic investments and capacity enhancements to expand market share. We sincerely appreciate the long-term support and trust of our shareholders and will continue to strive for excellence, delivering superior operational results as a return to our shareholders.

I wish all shareholders, ladies and gentlemen, good health, and happiness!

Lin Song-fu, Chairman

II. Corporate Governance Report

(I) Information on the company's directors, general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units

1. Board directors

(1) Information of board directors

25 March 2025; Unit: shares

Job title	Nationality or country of registration	Name	Gender and age	Date of first election	Date of election / employment	Term, years	Shareholdings on election		Current shareholdings		Shareholdings by spouse and/or minor children		Shareholdings in others' names		Experience / education background	Current position in FOCI and other companies	Other management position, board director or supervisor who is the spouse or relative within second degree of kinship of another			Remark
							No. of shares	% of shares	No. of shares	% of shares	No. of shares	% of shares	No. of shares	% of shares			Job title	Name	Relation	
Chairman	ROC	Song-fure Lin	M 61~70	2002.11.11	2024.5.30	3	5,124,102	5.19	5,124,102	4.94	-	-	150,561	0.15	M. Physics, Fu-Jen Univ., Chairman/GM/R&D VP of FOCI, Head of component section, Dept. of Optical fiber Technologies, ITRI EOSL	Note 2	None	None	None	None
Director	ROC	Lee-chiou Chang	M 71~80	2015.4.30	2024.5.30	3	800,000	0.81	500,000	0.48	-	-	-	-	M. Insurance, National Chengchi Univ.; Chairman of Yuanta Securities; President, Yuanta-Jinghua Securities; President, Grand Cathay Securities Corp; Auditor/dept. head/specialist/deputy section management / section manager, Financial Supervisory Committee; Auditor/assistant auditor, auditing division, National Taxation Bureau of Taipei	Note 2	None	None	None	None
Director	ROC	Wonderland Enterprise Co., Ltd.	-	2024.5.30	2024.5.30	3	3,500,000	3.55	3,500,000	3.38	-	-	-	-	-	Note 2	None	None	None	None

		Legal Representative: Hao Fang	M 41~50	2024.5.30	2024.5.30	3	-	-	-	-	-	-	-	-	Master of Business Administration, National Chengchi University; Chairman, Taiwan Insulation Applied Technology Company; Vice President, Asia Carbons Technology Inc.	Note 2	None	None	None	None
Director	ROC	Ting-ta Hu	M 51~60	2021.7.5	2024.5.30	3	770,805	0.78	843,000	0.81	-	-	-	-	M. Electrical Engineering, National Taiwan Univ.; Special assistant, Centera Photonics; vice president, Himax Tech.; Vice President, Xintec; dept. manager, TSMC	Note 2	None	None	None	None
Independent director	ROC	Li-jen Kuo	F 51~60	2020.5.28	2024.5.30	3	-	-	-	-	-	-	-	-	PhD in Law, Ruhr-Universität Bochum; Associate prof., School of Law, Soochow Univ.; prof., Dept. of Law and Graduate Institute of Technical Laws, National Cheng Kung Univ.; member of remuneration committee, Panion &BF Biotech	Note 2	None	None	None	None
Independent director	ROC	Tzu-ming Wang	M 71~80	2021.7.5	2024.5.30	3	-	-	-	-	-	-	-	-	B. Dept. of Public Finance, Feng Chia Univ.; Board of Director, Mega International Investment Trust, Director ,National Taxation Bureau of Taipei	Note 2	None	None	None	None
Independent director	ROC	Tien-chang Huang	M 71~80	2024.5.30	2024.5.30	3	-	-	-	-	-	-	-	-	Master of Public Finance, National Chengchi University; Chairman & President, Taiwan Business Bank Co., Ltd.; Independent Director, Mega Securities; Executive Independent Director, Mega International Commercial Bank; Chairman, Trust Association of the Republic of China	Note 2				

Note 1: Information where the chairman of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as additional independent directors, or more than half of the directors who are not an FOCI's employee or manager): none.

Note 2: The positions held by FOCI's directors of the board in FOCI and other companies currently are listed in the table below:

Job title	Name	Current position(s) in FOCI and other companies
Chairman	Song-fure Lin	Chairman, FOCI; Chairman ; FOCI Shanghai; Chairman ; FOCI Jiangxi; Chairman, Shang Cheng Investment Co., Ltd.
Director	Lee-chiou Chang	The CEO of Sun Ten Group.; Chairman of Panion &BF Biotech Inc.; Chairman of Bowlin Bioteck Corp. (USA); Chairman of Herbiotek Co., Ltd; Chairman of Shun Tian International Investment Consulting Co., Ltd; Chairman of Sun Ten Pharmaceutical

		Co., Ltd; Chairman of Cheng Fong Chemical Co., Ltd; Chairman of Ho Tung Chemical Corp.; Chairman of YH Bio Co., Ltd; Chairman of Viarich Biotechnology Co., Ltd.; Chairman of T3EX Global Holdings Corp.; Director of FOCI Fiber Optic Communications, Inc.; Director of Anti-Microbial Savior BioteQ Co., Ltd.; Director of Triknight Capital Corporation; Director of Formosan Union Chemical Corporation; Independent director / audit committee member / remuneration committee member of Taiwan Hopax Chemicals Mfg. Co., Ltd.; Independent director / audit committee member / remuneration committee member of Compal Electronics, Inc.;Supervisor of Tanvex Biologics Corporation
Director	Wonderland Enterprise Co., Ltd.	Director, FOCI; Legal entity as director, Yuanjie Investment Co., Ltd.; Legal entity as director/Juristic person supervisor, Yuanyao Development Co., Ltd
	Representative: Hao Fang	Representative of legal entity as director, FOCI; Representative of legal entity as director, Actron Technology Corporation; Representative of legal entity as director, Sino-American Silicon Products Inc.
Director	Ting-ta Hu	President, FOCI
Independent director	Li-jen Kuo	Independent director, FOCI; Professor, Department of Educational Management / Graduate School of Culture and Education Law, NTUE; Professor and Director, Graduate School of Culture and Education Law, NTUE
Independent director	Tzu-ming Wang	Independent director, FOCI; Independent director / audit committee member / remuneration committee member, Ho Tung Chemical Corp.
Independent director	Tien-chang Huang	Independent director, FOCI; Independent director / audit committee member / remuneration committee member, Heran Co., Ltd.; Independent director / audit committee member / remuneration committee member, Yi Jinn Industrial Co., Ltd.; Independent director / audit committee member / remuneration committee member, GOMAJI Corp., LTD

Major shareholder(s) in institutional shareholders for directors and as the representatives of institutional shareholders:

25 Mar 2025

Name of institutional shareholder	Major shareholder(s) in institutional shareholders	Holding percentage
Wonderland Enterprise Co., Ltd.	Shico Sun High Industrial Co., Ltd.	55.190%
	Taiwan Styrene Monomer Corporation	37.037%
	Tieh-Han Sun	7.767%
	Li-Hsien Yen	0.006%

Major shareholder(s) as legal person(s):

25 Mar 2025

Name of institutional shareholder	Major shareholder(s) in institutional shareholders	Holding percentage
Shico Sun High Industrial Co., Ltd. (note 1)	Feng-Ju Hu	0.10%
	Ting-Jui Hsu	0.03%
	Pi-Sheng Huang	0.003%
Taiwan Styrene Monomer Corporation (note 2)	Taiwna Steel Group United Co., Ltd.	7.85%
	Frank C. Chen Cultural Educational Foundation	5.45%
	Chun Yu Works & Co., Ltd.	2.21%
	Taiwan Styrene Monomer Corporation	1.89%
	Entrusted Custody of Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds by JP Morgan Chase Bank N.A. Taipei Branch	1.29%
	Chun Yu Investment Co., Ltd.	1.25%
	Chun Bang Precision Co., Ltd.	1.22%
	Entrusted Custody of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds by JP Morgan Chase Bank N.A. Taipei Branch	1.21%
	Yu Jet Co., Ltd.	1.00%
	Heyang Investment Co., Ltd.	0.96%

Note 1: The director and supervisor information of Shico Sun High Industrial Co., Ltd. was obtained from the Administration of Commerce, MOEA.

Note 2: The information of Taiwan Styrene Monomer Corporation was obtained from its 2023 Annual Report, as disclosed on the Market Observation Post System.

(2) Disclosure of the professional qualifications of board directors and independent directors, as well as the independence status of independent directors.

Conditions / Name	Professional qualification and experience	Status of independence				No. of listed companies where he/she acts as an independent director
		Situation of the individual, spouse, and relatives within the second degree of kinship		Circumstances as specified in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act	Whether the director is a board director, supervisor or employee of the company engaged in special relationship with FOCI	
		Positions held as director, supervisor, or employee in the company or its affiliated enterprises	Number and percentage of shares held in the company			
Chairman Song-fure Lin	1. 5 years or more of work experience needed for company business: yes 2. Current positions: Chairman, FOCI; Chairman, FOCI Shanghai; Chairman, FOCI Jiangxi 3. Circumstances listed in Article 30 of the Company Act: none	Not applicable				0
Director Lee-chiou Chang	1. 5 years or more of work experience needed for company business: yes 2. Current positions : Director, FOCI.; The CEO of Sun Ten Group. ;Chairman of Panion &BF Biotech Inc. ;Chairman of Bowlin Bioteck Corp. (USA) ;Chairman of Herbiotek Co., Ltd; Chairman of Shun Tian International Investment Consulting Co., Ltd;Chairman of Sun Ten Pharmaceutical Co., Ltd; Chairman of Cheng Fong Chemical Co., Ltd; Chairman of Ho Tung Chemical Corp. ;Chairman of YH Bio Co., Ltd; Chairman of Viarich Biotechnology Co., Ltd. ; Chairman of T3EX Global Holdings Corp. ;Director of Anti-Microbial Savior BioteQ Co., Ltd. ;Director of Triknight Capital Corporation; Director of Formosan Union Chemical Corporation; Independent director / audit committee member / remuneration committee member of Taiwan Hopax Chemicals Mfg. Co., Ltd. ;Independent director / audit committee member / remuneration committee member of Compal Electronics, Inc. ;Supervisor of Tanvex Biologics Corporation 3. Circumstanceslisted in Article 30 of the Company Act: none	Not applicable				2
Director Ting-ta Hu	1. 5 years or more of work experience needed for company business: yes 2. Current position :Board of director and President, FOCI. 3. Circumstances listed in Article 30 of the Company Act: none	Not applicable				0

<table>
<tr><th rowspan="3">Conditions
Name</th><th rowspan="3">Professional qualification and experience</th><th colspan="4">Status of independence</th><th rowspan="3">No. of listed companies where he/she acts as an independent director</th></tr>
<tr><th colspan="2">Situation of the individual, spouse, and relatives within the second degree of kinship</th><th rowspan="2">Circumstances as specified in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act</th><th rowspan="2">Whether the director is a board director, supervisor or employee of the company engaged in special relationship with FOCI</th></tr>
<tr><th>Positions held as director, supervisor, or employee in the company or its affiliated enterprises</th><th>Number and percentage of shares held in the company</th></tr>
<tr><td>Director
Wonderland Enterprise Co., Ltd..
Legal Representative:
Hao Fang</td><td>1. 5 years or more of work experience needed for company business: yes
2. Current position :Director, FOCI.; Representative of legal entity as director, Sino-American Silicon Prouducts Inc.
3. Circumstances listed in Article 30 of the Company Act: none</td><td colspan="4">Not applicable</td><td>0</td></tr>
<tr><td>Independent Director
Li-jen Kuo</td><td>1. 5 years or more of work experience needed for company business: yes
2. Current position: Independent director, FOCI.; Professor, Department of Educational Management / Graduate School of Culture and Education Law, NTUE; Professor and Director, Graduate School of Culture and Education Law, NTUE
3. Circumstances listed in Article 30 of the Company Act: none</td><td>None</td><td>None</td><td>None</td><td>None</td><td>0</td></tr>
<tr><td>Independent Director
Tzu-ming Wang</td><td>1. 5 years or more of work experience needed for company business: yes
2. Former position : Director of the National Taxation Bureau of Taipei, Ministry of Finance.
Current position: Independent director, FOCI.; Independent director, Ho Tung Chemical Corp.
3. Circumstances listed in Article 30 of the Company Act: none</td><td>None</td><td>None</td><td>None</td><td>None</td><td>1</td></tr>
<tr><td>Independent Director
Tien-chang Huang</td><td>1. 5 years or more of work experience needed for company business: yes
2. Former position : Chairman of the Board and concurrently President of Taiwan Business Bank Co., Ltd.
Current position : Independent director, FOCI.; Independent director, Heran Co., Ltd.; Independent director, Yi Jinn Industrial Co., Ltd.; Independent director, GOMAJI Corp., Ltd.
3. Circumstances listed in Article 30 of the Company Act: none</td><td>None</td><td>None</td><td>None</td><td>None</td><td>3</td></tr>
</table>

(3) Board diversity and independence

A. Board diversity:

The FOCI's "Corporate Governance Best Practice Principles" specifies that the member diversity shall be taken into consideration in the establishment of board of director. While no more than a third of board directors shall work for FOCI at the management level, appropriate diversity guidelines shall be established in terms of company's business operations, business models and development needs, and include, but not limited to, the following:

a. Basic conditions and values: gender, age, nationality, and culture
b. Professional knowledge and skills: professional background in, for example, law, accounting, industry, finance, marketing or technology, professional skills, and industrial experience.

All board members are expected to have the general knowledge, skills, and literacy to perform their tasks, including the ability of business judgment, ability of accounting and financial analysis, ability of business operation management, crisis management ability, industrial knowledge, international vision of the markets, leadership, and decision-making ability.

The implementation of the diversity in the board of directors is described as follows:

Diversity cores / Name	Basic composition										Prof. background				Prof. knowledge and skills							
	Nationality	Gender	Employee	Age (years)				Seniority as an independent director			Legal	Finance or accounting	Industry	Marketing or technology	Ability of business judgment	Ability of accounting and financial analysis	Ability of business operation management	Crisis management ability	Industrial knowledge	International vision of the markets	Leadership	decision-making ability
				41-50	51-60	61-70	71-80	< 3 years	3~6 years	6~9 years												
Song-fure Lin	R.O.C.	M				✓							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lee-chiou Chang		M					✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wonderland Enterprise Co., Ltd . Legal Representative: Hao Fang		M		✓									✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ting-ta Hu		M	✓		✓								✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Li-jen Kuo		F			✓					✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tzu-ming Wang		M					✓		✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tien-chang Huang		M					✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

The specific management objectives and implementation status of the company's board diversity policy：

The current Board of Directors of the Company consists of seven members: three independent directors and four non-independent directors. All directors are esteemed individuals from industry and academia, possessing the necessary knowledge, skills, and competencies to fulfill their duties. The Company emphasizes gender equality in the composition of the Board and is committed to increasing the proportion of female directors to one-third (33%) or more. In the current term, the Board comprises 86% male directors (six members) and 14% female directors (one member). In the upcoming election, the Company will endeavor to increase the number of female directors to achieve this goal.

B. Independence of board of directors：

The current composition of the Company's board of directors includes 14% employee directors (1 individual) and 43% independent directors (3 individuals). Among the independent directors, two have tenures between 3 and 9 years, while one has served for less than 3 years. All independent directors meet the qualification criteria set forth by the Securities and Futures Bureau of the Financial Supervisory Commission. Furthermore, there are no circumstances among the directors or independent directors as specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act. Additionally, there are no spousal or second-degree familial relationships among the directors.

2. Information of GM, VPs, operation managers, department and branch heads

25 March 2025

Job title	Nationality	Name	Gender	Date of employment	Shareholdings: No. of shares	Shareholdings: Holding %	Shares held by spouse, and/or minor children: No. of shares	Shares held by spouse, and/or minor children: Holding %	Shares held in others' names: No. of shares	Shares held in others' names: Holding %	Education background / experiences	Current position(s)	Other management position who is the spouse or relative within second degree of kinship of another: Job title	Other management position who is the spouse or relative within second degree of kinship of another: Name	Other management position who is the spouse or relative within second degree of kinship of another: Relationship	Remark
GM	ROC	Ting-ta Hu	M	2021.2.26	843,000	0.81	0	0	0	0	M. Electrical Engineering, National Taiwan Univ.; special assistant, Centera Photonics; vice GM, Himax Tech.; vice GM, Xintec; dept. manager, TSMC	None	None	None	None	None
GM of FOCI Shanghai and Zhongshan	ROC	Chun-ying Kung	F	2001.6.1	540,000	0.52	0	0	0	0	M. Physics, Chung Yuan Univ.; FOCI General Manager/ Business Div, VP/ Production Div., VP; Engineer, ITRI Optoelectronics Optical Fiber Technology Department	Board director and GM of FOCI Shanghai; board director and GM of FOCI Zhongshan; board director and GM of FOCI Jiangxi	None	None	None	None
VP	ROC	Ching-wei Wei	M	2016.5.3	105,730	0.10	5,423	0.01	0	0	M. Physics, Chung Yuan Univ, RD Div.,VP	None	None	None	None	None
VP	ROC	Shy-jge Wang	M	2010.7.1	156,270	0.15	0	0	0	0	MBA, National Central Univ.; VP, FOCI Business Strategy Planning Center; director of dept. of business management, Lightsonic Optoelectronics Inc.	None	None	None	None	None
Director	ROC	Ya-fang Yu	F	2022.11.3	110,000	0.11	10,000	0.01	0	0	M Financial Law , Soochow Univ.; M Financial , National Chung Cheng Univ.; Associate manager of finance and administrative, iStart-Tek; manager of finance, Oriental Petrochemical; Manager, dept. of finance, Winstron /Wistronoptronic	None	None	None	None	None

Director	ROC	Shang-zhang Lin	M	2024.8.8	0	0	0	0	0	0	MBA, National Central Univ.; Specialist, General Manager's Office, Nan Ya Plastics Corporation, Formosa Plastics Group; Director, Supply Chain Management Division, Foxconn Technology Group; Director, Information Management Division & Concurrent Head of Information Security Management Division, Foxconn Technology Group; Associate manager, Terasilicon CO., Ltd.; Senior Manager, Information Department, Sanyang Motor Co., Ltd.	None	None	None	None	None

Note 1: Listed in the table are those who are currently employed as of the date the annual report is printed.

Note 2: where the GM or equivalent (highest level manager) and the chairman are the same person, spouse of each other, or within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response shall be disclosed: not applicable, as none of the above occurs.

(II) Remuneration paid during the most recent fiscal year (2024) to directors, general manager, and VPs:

1. Remuneration for board directors

Remunerations for general board directors and independent directors

31 Dec 2024; in NT$ 1,000/1,000 shares

Job title	Name	Remuneration for board directors								Total of A, B, C and D, and percentage to income after tax (note9)		Remunerations received by employees with concurrent jobs								Total of A, B, C, D, E, F, and G, and percentage to income after tax (note9)		Pays received from parent company or invested business(s) other than a subsidiary
		Pay (A) (note4)		Pension(B)		Remuneration for board director (C) (note5)		Expense for professional service(D) (note6)				Salary, bonus, and special allowance (E) (note7)		Pension(F)		Employee pay(G) (note8)						
																FOCI		All companies in financial statement				
		FOCI	All companies in financial statement	FOCI	All companies in financial statement	FOCI	All companies in financial statement	FOCI	All companies in financial statement	FOCI	All companies in financial statement	FOCI	All companies in financial statement	FOCI	All companies in financial statement	Cash amount	Stock amount	Cash amount	Stock amount	FOCI	All companies in financial statement	
Chairman	Song-fure Lin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Lee-chiou Chang	-	-	-	-	-	-	35	35	35 -0.07%	35 -0.07%	-	-	-	-	-	-	-	-	35 -0.07%	35 -0.07%	-
Director	Beolym Corporation (note1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Legal Representative: Hsin-tse Tsai (note1)	-	-	-	-	-	-	5	5	5 -0.01%	5 -0.01%	-	-	-	-	-	-	-	-	5 -0.01%	5 -0.01%	-
Director	Wonderland Enterprise Co., Ltd. (note2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Legal Representative: Hao Fang (note2)	-	-	-	-	-	-	20	20	20 -0.04%	20 -0.04%	-	-	-	-	-	-	-	-	20 -0.04%	20 -0.04%	-
Director	Ting-ta Hu	-	-	-	-	-	-	-	-	-	-	3,502	3,502	108	-	-	-	-	-	3,610 -7.48%	3,610 -7.48%	-
Independent Director	Mei-huei Li (note3)	500	500	-	-	-	-	10	10	510 -1.06%	510 -1.06%	-	-	-	-	-	-	-	-	510 -1.06%	510 -1.06%	-
Independent Director	Li-jen Kuo	1,200	1,200	-	-	-	-	40	40	1,240 -2.57%	1,240 -2.57%	-	-	-	-	-	-	-	-	1,240 -2.57%	1,240 -2.57%	-

Independent Director	Tzu-ming Wang	1,200	1,200	-	-	-	-	50	50	1,250 -2.59%	1,250 -2.59%	-	-	-	-	-	-	-	-	1,250 -2.59%	1,250 -2.59%	-
Independent Director	Tien-chang Huang (note2)	706	706	-	-	-	-	30	30	736 -1.52%	736 -1.52%	-	-	-	-	-	-	-	-	736 -1.52%	736 -1.52%	-

1. Please describe the policy, system, criteria, and structure to pay independent directors, and state the correlation between the job they perform, risks, and time input and the amount of their pay:
   The remuneration of FOCI's independent directors is also reviewed by the remuneration committee for the extent of their participation in and contributions for FOCI, in addition to considering the evaluation results obtained from the performance evaluation of the board of directors. Suggestions are submitted to the board of directors for resolution based on company's business performance.
2. The remuneration received by board directors in the most recent year for providing services (such as serving as a consultant of FOCI / an invested enterprise for the parent company/finance/report and not a FOCI employee, etc.), in addition to the disclosure in the table above: None.

Note1：Removed from office as of March 4, 2024.

Note2：Assumed office following re-election at the shareholders' meeting on May 30, 2024.

Note3：Stepped down following re-election at the shareholders' meeting on May 30, 2024.

Note4：This refers to the remuneration of directors for the fiscal year 2024. (including director salaries, duty allowance, severance pay, bonuses, incentives, etc.).

Note5：This is the amount of directors' remuneration distributed by the board of directors for the fiscal year 2024.

Note6：It refers to the relevant business execution expenses of directors for the fiscal year 2024. (including travel expenses, special allowance, various allowances, and payment in kind like dormitory and company car, etc.). If housing, cars and other means of transportation or exclusive personal expenses are provided, the nature and cost of the assets provided, the actual or calculated rent at fair market prices, fuel and other payments shall be disclosed. In addition, if a chauffeur is provided, the relevant remuneration paid by the company to the chauffeur shall be noted, but will not be included in the remuneration.

Note7：This refers to the remuneration received by directors who are also employees for the fiscal year 2024. (such as general manager, deputy general manager, other managers, and employees as a concurrent position), including salary, duty allowance, severance pay, various bonuses, rewards, travel expenses, special allowance, various allowances, and payment in kind such as dormitories and company car. If housing, cars and other means of transportation or exclusive personal expenses are provided, the nature and cost of the assets provided, the actual or calculated rent at fair market prices, fuel and other payments shall be disclosed. In addition, if a chauffeur is provided, the relevant remuneration paid by the company to the chauffeur shall be noted, but will not be included in the remuneration. The salary expenses recognized in accordance with IFRS 2 "Share-Based Payment", including the acquisition of employee stock option certificates, new shares with restricted employee rights, and participation in cash capital increase subscription shares, etc., shall be included in remuneration.

Note8：For directors who are also employees for the fiscal year 2024. (such as general manager, deputy general manager, other managers, and employees as a concurrent position) and received employee remuneration (including stock and cash) in the most recent year, the amount of employee remuneration distributed by the board of directors in the most recent year shall be disclosed. If it is impossible to estimate, the proposed distribution amount for this year shall be calculated based on the proportion of the actual distribution amount of last year.

Note9：Net income refers to the net profit after tax as disclosed in the individual financial report for the fiscal year 2024.

Note10：The content of remuneration disclosed in this table is different from the concept of income in the income tax law. This table is for information disclosure and not for taxation purposes.

2. Remuneration of supervisor: none.

3. Remuneration of the top 5 highest-paid executives

31 Dec 2024; in NT$ 1,000/1,000 shares

Job title	Name	Salary (A) (note 2) FOCI	Salary (A) (note 2) All companies in the financial statement (note 5)	Pension (B) FOCI	Pension (B) All companies in the financial statement (note 5)	Bonus and special allowance(C) (note 3) FOCI	Bonus and special allowance(C) (note 3) All companies in the financial statement (note 5)	Employee pay amount (D) (note 4) FOCI Cash amount	Employee pay amount (D) (note 4) FOCI Stock amount	Employee pay amount (D) (note 4) All companies in the financial statement (note 5) Cash amount	Employee pay amount (D) (note 4) All companies in the financial statement (note 5) Stock amount	% of A+B+C+D in net income profit after tax (note 6) FOCI	% of A+B+C+D in net income profit after tax (note 6) All companies in the financial statement	Pays received from parent company or invested business(s) other than a subsidiary (note 7)
GM	Ting-ta Hu	3,022	3,022	108	108	480	480	0	0	0	0	3,610 -7.48%	3,610 -7.48%	none
GM of FOCI Shanghai and Zhongshan	Chun-ying Kung	1,920	1,920	108	108	317	317	0	0	0	0	2,345 -4.86%	2,345 -4.86%	
VP	Ching-wei Wei	1,548	1,548	91	91	255	255	0	0	0	0	1,894 -3.92%	1,894 -3.92%	
VP	Shy-jge Wang	1,549	1,549	97	97	254	254	0	0	0	0	1,900 -3.94%	1,900 -3.94%	
Director	Ya-fang Yu	1,349	1,349	81	81	223	223	0	0	0	0	1,653 -3.42%	1,653 -3.42%	

Note 1: The table lists the compensation amounts disclosed individually for the top 5 highest-paid executives who were in office during the 2024 fiscal year. For Directors concurrently serving as President (Ting-ta Hu), the compensation is reported in both this table and the general Directors' and Independent Directors' remuneration table.

Note 2: This includes salary, duty allowances, and severance pay to the top 5 highest-paid executives for the fiscal year 2024.

Note 3: This includes the amounts of all types of rewards, incentives, travel expenses, special disbursements, stipends of any kind, provision of facilities such as accommodations or vehicle, and other compensation to the top 5 highest-paid executives for the fiscal year 2024. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the company to the driver, but do not include it in the calculation of remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note 4: This refers to the employee profit-sharing compensation (including stock and cash) approved by the board of directors for fiscal year 2024 but not yet distributed. If the amount cannot be reasonably estimated, the proposed distribution shall be calculated on a pro-rata basis based on the actual amount distributed in the previous fiscal year.

Note 5: Disclose the total amount of remuneration in each category paid to the top 5 highest-paid executives by all companies in the consolidated financial report (including the Company).

Note 6: Net income means the net income after tax on the parent company only or individual financial report for the fiscal year 2024.

Note 7: a. In this column, specifically disclose the amount of remuneration received by the top 5 highest-paid executives of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state “None”).

b. Remuneration means remuneration received by the top 5 highest-paid executives of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

＊This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

4. Names of managers receiving employee pays and the distribution:

The Company did not distribute employee remuneration in 2024.

5. Compare and explain the percentage of the total amount of remuneration paid to FOCI's board directors, supervisors, general manager, and VPs in the last two years by FOCI and all companies in the consolidated report to the net profit after tax in parent company only or individual financial reports, and explain the correlation between the policies, standards, and combination for paying remuneration and the procedures for determining remuneration, and business performance and future risks.

(1) Analysis on the percentages of the total amount of remuneration paid to FOCI's board directors, supervisors, general manager and VPs by FOCI and all companies in the consolidated report in the last two years in the net profit after tax in parent company only or individual financial report:

In:NT$1,000；%

Item / Title	FOCI				All companies in consolidated report			
	2023		2024		2023		2024	
	Total	% in net income	Total	% in net income	Total	% in net income	Total	% in net income
Directors' remuneration	9,860	81.77	7,406	(15.34)	9,860	81.77	7,406	(15.34)
Supervisors' remuneration	N/A	-	N/A	-	N/A	-	N/A	-
GM and VPs' remuneration	16,425	136.22	9,749	(20.20)	16,425	136.22	9,749	(20.20)
Net income	12,058	-	(48,272)	-	12,058	-	(48,272)	-

A. According to the Company's Articles of Incorporation, if the Company reports a profit for the fiscal year, up to 5% may be allocated as directors' remuneration. No directors' remuneration was distributed for the fiscal year 2023. Similarly, due to a net loss after tax in 2024, no directors' remuneration was allocated.

B. Independent directors serve as members of both the Audit Committee and the Remuneration Committee. In consideration of their responsibilities—such as participation in various functional committees—the risks they undertake, and the time they commit, appropriate remuneration has been determined.

C. The fixed compensation and meeting attendance fees received by directors and independent directors in 2023 and 2024 are not correlated with the Company's net profit or loss after tax.

D. The remuneration for managerial personnel in 2023 was higher than in 2024. This is attributed to the Company's cash capital increase in 2023, during which Director Ting-ta Hu concurrently served as President alongside three Vice Presidents. Their participation in the employee stock subscription during this capital increase was included in the calculation of their remuneration. Additionally, no employee compensation was distributed in 2024. These factors are not related to the net profit or loss after tax.

(2) Remuneration payment policy, criteria and combination, procedure to determine remuneration, and correlation between business performance and future risks

A. For board directors and supervisors

The remuneration for board directors and supervisors is determined based on FOCI's Articles of Incorporation. No more than 5% of profits made in a year, if any, are distributed to directors and supervisors as remuneration. The percentage is reviewed by the remuneration committee and approved by the board of directors.

B. For GM and VPs

The remuneration paid to GM and VPs includes salary, bonus, employee's pay, and restricted stock awards. FOCI's Rules for Human Resource Management specifies that the remuneration is determined based on the managers' contribution, experience, performance and responsibility, and by consulting the criteria used in the same trade of business. The determined remuneration is reviewed by the remuneration committee and approved by the board of directors.

C. FOCI's main remuneration principles are to link responsibilities and performance results, provide market-competitive remuneration to attract and cultivate talents for the long run, and reflect the company's operating risks and corporate governance structure; the short-term profits are not considered as the only indicator for remuneration and performance evaluation. The long-term shareholder value is the key.

(III) State of the company's implementation of corporate governance:

1. Operations of board of directors

The board of directors had 7 meetings in the most recent year (2024) with the following directors attending:

Title	Name	Actual attendance	Attendance by proxy	Actual attendance %	Remark
Chairman	Song-fure Lin	7	0	100%	
Director	Lee-chiou Chang	7	0	100%	
Director	Ting-ta Hu	7	0	100%	
Director	Hsin-tse Tsai, legal representative of Beolym Corp.	1	0	100%	Removed from office as of March 4, 2024.
Director	Hao Fang, legal representative of Wonderland Enterprise Co., Ltd.	4	0	100%	Assumed office following re-election at the shareholders meeting on May 30, 2024.
Independent Director	Mei-huei Li	1	2	33%	Stepped down following re-election at the shareholders meeting on May 30, 2024.
Independent Director	Li-jen Kuo	6	1	86%	
Independent Director	Tzu-ming Wang	7	0	100%	
Independent Director	Tien-chang Huang	4	0	100%	Assumed office following re-election at the shareholders' meeting on May 30, 2024.

Other mandatory provision items：

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors：
   (1) Any matter under Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, so the provisions of Article 14-3 do not apply to the Company. Please refer to the operation overview of audit committee (page 25) for an description of the matters listed in Article 14-5 of the Securities and Exchange Act.
   (2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any board resolution.: None.
2. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted.：

Date of board meeting	Implementation of Directors' recusal of interest-related motions
The 14th Meeting of the 11th Board of Directors 2024.4.12	● Deliberation on the Proposal for the Nomination of Director and Independent Director Candidates: During the discussion on the nomination of directors, incumbent directors Song-fure Lin, Lee-chiou Chang, and Ting-ta Hu recused themselves from voting due to conflicts of interest. After consulting the remaining attending directors, the proposal was approved as presented. During the discussion on the nomination of independent directors, incumbent independent directors Li-jen Kuo and Tzu-ming Wang recused themselves from voting due to conflicts of interest. After consulting the remaining attending directors, the proposal was approved as presented. ● Deliberation on the Proposal to Lift Non-Compete Restrictions on Directors: During the discussion on lifting non-compete restrictions on directors, incumbent directors Song-fure Lin, Lee-chiou Chang, and Ting-ta Hu recused themselves from voting due to conflicts of interest. After consulting the remaining attending directors, the proposal was approved as presented. During the discussion on lifting non-compete restrictions on independent directors, incumbent independent directors Li-jen Kuo and Tzu-ming Wang recused themselves from voting due to conflicts of interest. After consulting the remaining attending directors, the proposal was approved as presented.
The 1st Meeting of the 12th Board of Directors 2024.05.30	● Proposal for the Company's Industry-Academia Cooperation and Academic Feedback Mechanism Contract with National Taipei University of Education: Independent director Li-jen Kuo, serving at National Taipei University of Education, recused herself from voting due to a conflict of interest. After the chairperson consulted the remaining attending directors, the proposal was approved as presented.
The 3rd Meeting of the 12th Board of Directors 2024.08.08	● Proposal for Adjustments to the Company's Managerial Compensation: Director Ting-ta Hu, serving as the company's president, recused himself from voting due to a conflict of interest. After the chairperson consulted the remaining attending directors, the proposal was approved as presented.

3. Period and duration of the board of directors' self-assessment, the scope, method, and contents of assessment:

Execution of board of directors' assessment

Assessment period	Duration	Scope	Method	Contents
Once every year	From 1 Jan 2024 to 31 Dec 2024	Board of directors, board members and functional committees (including auditing committee and remuneration committee)	The internal assessment was performed on the board of directors, board members and functional committees (including auditing committee and remuneration committee) in form of questionnaire	Evaluation Metrics for Board of Directors' Performance: 1. Participation in Company Operations 2. Enhancement of Decision-Making Quality 3. Composition and Structure of the Board 4. Selection and Continuing Education of Directors 5. Internal Control Assessment Result: 4.8 points (Excellent)
				Evaluation Metrics for Board Members' Self-Assessment: 1. Understanding of Company Goals and Missions 2. Recognition of Directors' Responsibilities 3. Participation in Company Operations 4. Management and Communication of Internal Relationships 5. Professionalism and Continuing Education of Directors 6. Internal Control Assessment Result: 4.9 points (Excellent)
				Evaluation Metrics for Functional Committees' Performance: 1. Participation in Company Operations 2. Recognition of Functional Committees' Responsibilities 3. Enhancement of Decision-Making Quality within Functional Committees 4. Composition and Member Selection of Functional Committees 5. Internal Control Assessment Results: Auditing Committee: 4.8 points (Excellent) Remuneration Committee: 4.8 points (Excellent)

Assessment period	Duration	Scope	Method	Contents
Conducted every three years (external evaluation).	From 1 Jan 2024 to 31 Dec 2024	Board of Directors and individual board members	Engage an independent external professional organization, the Taiwan Corporate Governance Association, to conduct the performance evaluation of the Board of Directors.	Five Dimensions Assessment: 1. Composition and Responsibilities of the Board of Directors 2. Guidance and Supervision by the Board of Directors 3. Delegation and Risk Management by the Board of Directors 4. Communication and Collaboration within the Board of Directors 5. Self-Regulation and Improvement by the Board of Directors Overall Assessment and Recommendations: 1. It is recommended to regularly report the current status and target deviations of transformation risk assessments to the Audit Committee and the Board of Directors. 2. It is advised to establish and integrate training and succession plans for senior management, with regular reports to the Board of Directors. 3. It is suggested that the Audit Committee first express opinions on the performance of the Chief Audit Executive before submitting them to the Chairman for approval. 4. Regularly review and improve items that did not score in the corporate governance evaluation, and report to the Board of Directors.

4. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof.:
   (1) The “Procedure for Board of Directors Meetings” was established according to the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” for the Board’s compliance. The procedure is reviewed and amended annually in accordance with applicable laws and regulations. The most recent amendment was made on February 22, 2024.
   (2) The remuneration committee was established to develop and periodically review the policies, systems, criteria and structures of performance evaluation and remuneration, and specify the remuneration for board directors and officers.
   (3) The auditing committee was established in place of the board supervisor to perform the duties imposed by the Securities and Exchange Act, Company Act and other applicable laws and regulations.
   (4) For company governance and improvement of board of directors’ functionality, the “Rules for Performance Assessment of Board of

Directors" were established by the board of directors on 14 Mar 2019 to complete the self-assessment by the end of first quarter of the next year. The result of self-assessment for 2024 were excellent or better with no major improvements needed. In 2024, the Company engaged the "Taiwan Corporate Governance Association" to conduct an external evaluation of the Board's performance. This assessment covered five dimensions assessment and was carried out through self-assessment questionnaires and on-site interviews. The Board Performance Evaluation Report was presented to the Board on February 20, 2025.

(5) An "Investors' Section" was established on FOCI's website, providing the contact information of company spokesperson and allowing shareholders' inquiries for FOCI's financial and business status. Also, the "Procedures for Handling Material Inside Information" and "Procedures for the Prevention of Insider Trading" were developed and promulgated by the board of directors.

(6) In compliance with corporate governance guidelines, directors have completed ongoing training programs. In 2024, newly appointed directors fulfilled 12 hours of training, while reappointed directors completed 6 hours of continuing education.

2. Operation overview of audit committee or involvement of supervisors in the operation of board of directors:

Operation of audit committee:

The audit committee had 6 meetings in the most recent year (2024), with the attendance of following independent directors:

Job title	Name	No. of meetings attended	No. of meetings attended by a proxy	% of attendance in person	Note
Independent Director	Mei-huei Li	2	1	67%	Stepped down following re-election at the shareholders' meeting on May 30, 2024.
Independent Director	Li-jen Kuo	5	1	83%	
Independent Director	Tzu-ming Wang	6	0	100%	
Independent Director	Tien-chang Huang	3	0	100%	Assumed office following re-election at the shareholders' meeting on May 30, 2024.

Other matters to be noted:

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

(1) Any matter under Article 14-5 of the Securities and Exchange Act:

Date and session of Audit Committee	Motion	Independent Directors' adverse opinion, qualified opinion or major suggestion	Audit Committee's resolution	The company's handling of the audit committee's opinions
The 11th Meeting of the 2nd Audit Committee 2024.2.22	1. FOCI's 2023 business report and financial report 2. FOCI's 2023 profit distribution 3. Review of the internal control system's effectiveness and proposal of "internal control system statement" 4. Proposed partial amendment of FOCI's "Procedures for Board of Directors Meetings" 5. Evaluation of FOCI's CPAs' independence and competency 6. Proposed endorsement for a FOCI's subsidiary	None	It was passed as drafted after the chairman of the meeting had consulted with all present directors.	Proposed for decision in 13th meeting of the 11th Board of Directors, and processed per board of directors' resolutions

The 12th Meeting of the 2nd Audit Committee 2024.4.12	1. Lifting the Director's Non-Competition Restriction. 2. Proposal for private placement of common shares. 3. Proposal for disposal of listed stock securities.	None	It was passed as drafted after the chairman of the meeting had consulted with all present directors.	Proposed for decision in 14th meeting of the 11th Board of Directors, and processed per board of directors' resolutions
The 13th Meeting of the 2nd Audit Committee 2024.5.9	The Company's Consolidated Financial Statements for the First Quarter of 2024	None	It was passed as drafted after the chairman of the meeting had consulted with all present directors.	Proposed for decision in 15th meeting of the 11th Board of Directors, and processed per board of directors' resolutions
The 1st Meeting of the 3rd Audit Committee 2024.6.11	1. Proposal for Reviewing Qualifications of Subscribers in Private Placement of Common Shares 2. Proposal for Pricing of Private Placement of Common Shares 3. Proposal for Capital Expenditure	None	It was passed as drafted after the chairman of the meeting had consulted with all present directors.	Proposed for decision in 2nd meeting of the 12th Board of Directors, and processed per board of directors' resolutions
The 2nd Meeting of the 3rd Audit Committee 2024.8.8	1. The Company's Consolidated Financial Statements for the Second Quarter of 2024 2. Proposal for Capital Reduction of Subsidiary 3. Proposal for Dissolution and Liquidation of Subsidiary Jiangxi FOCI 4. Proposal for Amendment of Certain Provisions of the Audit Committee Charter	None	It was passed as drafted after the chairman of the meeting had consulted with all present directors.	Proposed for decision in 3rd meeting of the 12th Board of Directors, and processed per board of directors' resolutions
The 3rd Meeting of the 3rd Audit Committee 2024.11.7	1. The Company's Consolidated Financial Statements for the Third Quarter of 2024 2. Proposal to Amend Certain Provisions of the "Corporate Governance Best Practice Principles" 3. Proposal to Establish the "Sustainable Information Management Procedures" 4. Proposal to Amend Certain Provisions of the "Sustainable Development Best Practice Principles" 5. Proposal to Establish the "Procedures for the Preparation and Submission of Sustainability Reports" 6. FOCI's business plan for 2025 7. FOCI's audit plan for 2025 8. Proposal for the Disposal of Emerging Stock Market Securities 9. Proposal for the Disposal of Investments	None	It was passed as drafted after the chairman of the meeting had consulted with all present directors.	Proposed for decision in 4th meeting of the 12th Board of Directors, and processed per board of directors' resolutions

(2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors.:none.

2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted.: none.

3. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.)

(1) Communications between independent directors, head of internal auditing and accountants

I. FOCI's independent directors have a meeting with CPAs at least once every quarter. CPAs report to the directors on their audits or reviews on quarterly financial reports and other matters required by applicable regulations, and communicate with the directors for the need to adjust the reports or any influence of regulation amendment on account listing.

II. FOCI's head of internal auditing has a meeting at least once every quarter to report to the independent directors on the auditing operations, results, and follow-ups.

III. FOCI's head of internal auditing may communicate with CPAs and independent directors directly as appropriate, and maintains a working channel for communications.

(2) Summary of communications between independent directors and head of internal auditing

FOCI's independent directors and the head of internal auditing are well communicated. Their communications in 2024 are summarized as follows:

Date	Key points of communications
22 Feb 2024	Audit report, Q4 2023 "Internal audit system statement", 2023
9 May 2024	Audit report, Q1 2024
8 Aug 2024	Audit report, Q2 2024
7 Nov 2024	Audit report, Q3 2024 Audit plan, 2025

(3)Summary – communications between independent directors and CPAs:

FOCI's independent directors and CPAs are well communicated. Important communications in 2024 are summarized as follows:

Date	Key points of communications
22 Feb 2024	Results of Audit of 2023 Consolidated and Standalone Financial Statements and Explanation of Communication Key Points (1) Scope of the audit: Review of the Group's financial statements and materiality (2) Audit findings and communication: Audit Report, Key audit items, Impact of the novel coronavirus pandemic, Related party transactions, Major adjustments and unadjusted entries and Material accounting estimates and transactions.

	(3) Independence
9 May 2024	Results of Review of Consolidated Financial Statements for the First Quarter of 2024 and Explanation of Communication Key Points (1) Scope of the review (2) Communication matters: Review Report, Material accounting estimates and transactions, and Major adjustments and unadjusted entries (3) Independence (4) Expected communication plan with governance units
8 Aug 2024	Results of Review of Consolidated Financial Statements for the Second Quarter of 2024 and Explanation of Communication Key Points (1) Scope of the review (2) Communication matters: Review Report, Material accounting estimates and transactions, and Major adjustments and unadjusted entries (3) Independence (4) Expected communication plan with governance units
7 Nov 2024	Results of Review of Consolidated Financial Statements for the Third Quarter of 2024 and Explanation of Communication Key Points (1) Scope of the review (2) Communication matters: Review Report, Material accounting estimates and transactions, and Major adjustments and unadjusted entries (3) Regulation updates (4) Independence (5) Expected communication plan with governance units

3. State of the company's implementation of corporate governance, deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such deviation

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		FOCI has set the " Corporate Governance Best Practice Principles ", and has regulations aimed at strengthening the functions of the management, respecting the rights and interests of stakeholders, and improving information transparency. For our Guidelines for Company Governance Practice, please visit TWSE MOPS or FOCI's website.	No deviation
2. Shareholding Structure and Shareholders' Rights				
(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		FOCI has appointed a stock affairs agency to deal with it on FOCI's behalf, and has a spokesperson and an acting spokesperson to handle issues raised by shareholders. Investor relations liaison and stock affairs specialists handle matters such as shareholder suggestions or disputes. The contact information and email address of the "investor relations and stock affairs agent contact person" are disclosed in the investor relations section of FOCI's website.	No deviation
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		FOCI's stock affairs personnel is in constant contact with FOCI's stock affairs agency for updates on the latest list of shareholders and shares held by directors, managers and major shareholders holding 10% of the shares on a monthly basis. FOCI's website and annual reports also disclose the list of the company's major shareholders, the amount and proportion of shares held.	No deviation
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		FOCI has established internal control system, "Rules for supervision of subsidiary companies" and "Procedure for trading of specific companies and related parties within corporate group" and other rules in accordance with applicable laws and regulations for risk control and firewall mechanism with related companies.	No deviation

(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		FOCI has operating procedures such as "Procedures for Handling Material Inside Information" and "Procedures for the Prevention of Insider Trading". All parties involved are required to abide by the regulations stipulated in the operating procedures through internal publicity.	No deviation
3. Composition and responsibilities of the board of directors				
(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		See page 9, "Disclosure of professional qualifications of board directors and independence information of independent directors" for the board diversity policy of FOCI, the management goal and its implementation.	No deviation
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?		V	A remuneration committee and an audit committee have been set up, and additional functional committees are being planned in accordance with laws and company operating needs in the future.	Additional functional committees are being planned in accordance with laws and company operating needs in the future.
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	V		FOCI has formulated the "Rules for Performance Evaluation on the Board of Directors", and conducts internal performance evaluation on the procedures and indicators established by the "board of directors as a whole", "individual directors", "audit committee" and "remuneration committee" in accordance with the Rules. In 2024, FOCI's self-assessment results were excellent with no major improvement needed; the results were reported to the board of directors on 20 Feb 2025. In addition, the Company commissioned the Taiwan Corporate Governance Association to conduct an external evaluation of board performance in 2024. The assessment was carried out through online surveys and on-site interviews, focusing on five key dimensions: role delineation, guidance and oversight, delegation and risk management, communication and collaboration, as well as self-discipline and continuous improvement.	No deviation

(4) Does the Company regularly evaluate its external auditors' independence?	V		The company's Audit Committee annually evaluates the independence and competence of the certifying accountants. In addition to requiring the accountants to provide a "Statement of Independence" and "Audit Quality Indicators (AQIs)," the committee conducts assessments based on the criteria outlined in Note 1 and 13 AQI metrics. It has been confirmed that, apart from fees related to certification and tax-related matters, there are no other financial interests or business relationships between the accountants and the Company. Furthermore, the accountants' family members comply with independence requirements. The evaluation results for the most recent year were discussed and approved by the Audit Committee on February 20, 2025, and subsequently submitted to the Board of Directors for resolution on the same date.	No deviation

Note1:

Evaluation items		Independence complied?
No.	Description	
1	The professional accountants should avoid and should not accept the engagement when they may have involved in any direct or material indirect interests which may impair their impartiality and independence.	Y
2	Financial reports are audited or reviewed to provide the general potential report users high or moderate, but not absolute, assurance. Professional accountants shall maintain Independence of mind and in appearance. Therefore, the members of audit team, the partners of the firm or shareholders of corporate accounting firms, accounting firms, and any of affiliates, and network firms, must be always independence with his/their clients.	Y
3	The accountants appointed by FOCI shall have the following qualities: (Shown in 3.1~3.3 below)	
3.1	Integrity: a professional accountant shall be straightforward and honest in all professional and business relationships.	Y
3.2	Objectivity: a professional accountant shall be free from bias, conflict of interest or undue influence of others to override independence.	Y
3.3	Independence: a professional accountant shall have independence of mind and in appearance, to express an opinion on financial statements for the work of auditing, review or special audit.	Y
4	Independence is related with the integrity and objectivity. In the lack of or impairment of independence, the integrity and objectivity could also not be held.	N
5	Independence may be impaired by self-interest, self-review, advocacy, familiarity and intimidation.	N
6	The self-interest could impair on the accountant's independence. The self-interest threat means to acquire a financial interest in FOCI or has another conflict of interest created by other interests or relationships with FOCI. Does any of the following self-interests (6.1~6.6 below) occur?	
6.1	Having a direct or material indirect financial interest in FOCI.	N

6.2	Having a financing or guarantee behavior with FOCI or any of the directors or supervisor.	N
6.3	Being concerned about the possibility of losing FOCI as a client.	N
6.4	Having a significant close business relationship with FOCI.	N
6.5	Entering into a potential employment negotiation with FOCI.	N
6.6	Entering into a contingent fee arrangement relating to an audit engagement.	N
7	Independence is influenced by self-review threat means that a professional accountant uses the reports or judgments that result from the non-audit services as an important factor of concluding the result in auditing or reviewing the financial information; or a member of the audit team is an audit client's former director or, supervisor or is in a key position to influence the audit engagement. Does any of the following circumstances (7.1~7.2 below) occur?	
7.1	A member of the auditing team being, or having been a director, or supervisor of FOCI, or employed by FOCI in a position to exert significant influence over the subject matter of the engagement within the last two years.	N
7.2	The non-audit service which performed by the firm for FOCI that would affects directly a material item of the audit engagement.	N
8	Independence is influenced by advocacy threat means that a member of the audit team acting as an advocate in support of the client's position that results in objectivity challenged. Does any of the following circumstances (8.1~8.2 below) occur?	
8.1	The firm promoting or brokering shares in an audit client or other securities issued by FOCI.	N
8.2	Besides legally permitted businesses, a professional accountant acting as an advocate on behalf of FOCI in litigation or disputes with third parties.	N
9	The effect on independence of familiarity means that a close relationship with a FOCI's director, supervisor and manager will influence a CPA or a member of the audit engagement team to excessive concern or sympathize with FOCI's interests. Does any of the following circumstances (9.1~9.3 below) occur?	
9.1	A member of the engagement team having a close or immediate family member who is a director, supervisor, or officer of FOCI or an employee of FOCI who is in a position to exert significant influence over the subject matter of the engagement.	N
9.2	A former partner within one year of disassociating from the firm joins FOCI as a director, supervisor, or officer or is in a key position to exert significant influence over the subject matter of the engagement.	N
9.3	A professional accountant accepting gifts or preferential treatment of significant value from FOCI, a FOCI's director, supervisor, or officer.	N
10	Independence is influenced by intimidation threat. The threat that a professional accountant will be deterred from acting objectively because of actual or perceived pressures, including attempts to exercise undue influence over the professional accountant. Does any of the following circumstances (10.1~10.2 below) occur?	
10.1	Asking an accountant to accept an inappropriate selection in accounting policy or make inappropriate disclosure in financial reports.	N
10.2	An account being pressured to reduce inappropriately fees, in order to compel the firm to reduce the extent of work performed.	N

Suitability items		Assessment
Item	Description	
1	Whether or not the person has the qualifications of a CPA who may practice accounting business	Y
2	Whether or not the person has been subject to disciplinary actions by the competent authorities and the Certified Public Accountants Association or has been subject to any penalties pursuant to Paragraph 3, Article 37 of the Securities and Exchange Act. Article 37 of the Securities and Exchange Act (Regulation of CPA Auditing and Attestation) Paragraph 3 Depending upon the seriousness of mistake or omission committed by a certified public accountant in the attestation of the financial reports referred to in paragraph 1, the Competent Authority may impose any of the following sanctions： (1).Warning (2).Suspension from practicing any attestation under this Act for a period of two years. (3).Voidance of his/her attestation permission.	Y
3	Whether or not the person has knowledge of the industry relevant to the Company	Y
4	Whether or not the person performs financial statement audits in accordance with generally accepted auditing standards and the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and issues financial statements in accordance with the audit planning schedule.	Y
5	Whether or not the person has exploited the accountant's position to engage in unfair competition in commerce and industry.	Y
6	Whether or not the person proactively provides the latest announced statutory and regulatory changes in accounting, auditing and others to management and any significant differences are fully discussed and communicated.	Y

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		On May 5, 2023, the Company's Board of Directors approved the establishment of the Chief Corporate Governance Officer position, responsible for overseeing and planning corporate governance matters. The appointed individual meets the qualifications stipulated in the Corporate Governance Best Practice Principles for Listed and OTC Companies. The responsibilities of the Chief Corporate Governance Officer include handling matters related to Board and Shareholders' meetings in accordance with the law, preparing minutes for these meetings, providing directors and the Audit Committee with necessary information for business execution, assisting them in complying with legal regulations, and facilitating their onboarding and continuous education.	No deviation
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders' section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		The contact information of the person in charge of investment relations and the spokesperson is provided in the investor relations section of FOCI's website to help with any questions or suggestions that stakeholders are concerned about the Company. In addition, the spokesperson's e-mail address is also provided as a communication channel with stakeholders.	No deviation
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The Stock Transfer Agency Department of Taishin Securities Co., Ltd. has been appointed for FOCI's stock affairs and shareholders' meetings.	No deviation
7. Information Disclosure				

(1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		The information of FOCI's financial operations and corporate governance is disclosed in the investor relations section of FOCI's website	No deviation
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		FOCI's website is available both Chinese and English to provide disclosures on financial, operational, corporate governance and other relevant information. A person is appointed for the collection and disclosure of company information in several aspects, such as financial, stock affairs, corporate governance, corporate social responsibility, etc. Communication channels such as spokespersons and stakeholders are disclosed as well.	No deviation
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	V		FOCI's financial statements are published and declared within two months after the end of the fiscal year, and so are the first, second, and third quarter financial reports and the operating conditions of each month before the prescribed deadline.	No deviation
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		1. Employee rights and employee care: FOCI uphold integrity, respects and cares for employees. In addition to protecting the legitimate rights and interests of employees in accordance with the Labor Standards Act. A welfare committee, with members selected from all departments of FOCI, is established to formulate various employee benefit plans. 2. Investor relations: a dedicated unit is designated in accordance with applicable regulations to immediately announce information on financial, business, and insider equity changes at TWSE MOPS for information disclosure and transparency. 3. Supplier relationship: a supplier review and evaluation process is in place, along with relevant specifications for supplier quality, green products, environmental protection and ethical standards, hoping to maintain a good and honest interactive relationship with suppliers. 4. Stakeholders' rights: communication channels are available in the investor relations section of FOCI's website for stakeholders for both their and FOCI's	No deviation

<table>
<tr><td></td><td></td><td></td><td>rights and interests.
5. Continuing education for directors and supervisors: The continuing education of FOCI’s directors in 2024 all complied with the requirements of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". Please refer to NOTE2 for directors’ continuing education.
6. The implementation of risk management policies and risk measurement standards: see V, Review and analysis of the company's financial position and financial performance, and a listing of risks, of the report.
7. Implementation of customer policy: FOCI usually maintains a close relationship with customers, and a customer service department is in place to ensure that products meet customer expectations and customer rights are protected.
8. Director insurance: a liability insurance policy for directors and managers is prepared for better corporate governance.</td><td></td></tr>
<tr><td colspan="5">9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.
Corporate governance assessments are performed in accordance with applicable regulations. FOCI has gradually improved and followed the corporate governance assessment indicators issued by the corporate governance center, and will review and formulate improvement plans for projects that have not yet met the corporate governance standards.</td></tr>
</table>

Note2: Continuing education of board directors in 2024

Job title	Name	Organizer	Course	Hours of the course
Chairman	Song-fure Lin	Accounting Research and Development Foundation	Enhancing Internal Control Functions and Board Operational Mechanisms: Analysis of Fraud Cases	6
Director	Lee-chiou Chang	Securities and Futures Institute	Carbon Credit Trading Mechanisms and Applications in Carbon Management	3
		Securities and Futures Institute	Global Economic Outlook for 2025	3
Director	Ting-ta Hu	Accounting Research and Development Foundation	Improving Internal Control Effectiveness through Robotic Process Automation (RPA)	6
Director	Hao Fang	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit	6
Independent Director	Li-jen Kuo	Securities and Futures Institute	Key Directives for Boards in the ESG Era	3
		Taiwan Corporate Governance Association	Understanding and Preventing Workplace Misconduct	3

Independent Director	Tzu-ming Wang	Securities and Futures Institute	Measuring and Managing the Impact of Sustainable Development Goals (SDGs)	3
		Securities and Futures Institute	Holistic Balanced Financial Planning: Achievable Methods for Everyone	3
Independent Director	Tien-Chang Huang	Corporate Operating and Sustainable Development Association	Analysis of Board Regulations and Practical Disputes	3
		Corporate Operating and Sustainable Development Association	Due Diligence and Financial Evaluation in Mergers and Acquisitions	3
		Securities and Futures Institute	AI Development and Cybersecurity Risks	3
		Securities and Futures Institute	Understanding Corporate ESG Sustainable Governance: Global Net-Zero Carbon Trends and Corporate Responses	3

4. The composition, duties and operations of remuneration or nomination committee, if established, shall be disclosed:

(1) Miss Li-jen Kuo, Mr. Tzu-ming Wang, and Mr. Tien-chang Huang, who are independent directors, were elected and approved by FOCI's board of directors on 11 June 2024 as the members of 6th remuneration committee. The members of the remuneration committee nominated Miss Li-jen Kuo as the convenor of the committee on 8 Aug 2024.

(2) The duties of FOCI's remuneration committee: the members shall perform the following duties faithfully as a manager of good faith, and submit the committee's decision to the attention of board of directors.

A. Develop and periodically review the policies, systems, criteria and structures of performance evaluation and remuneration for board directors and managers

B. Evaluate and develop remunerations of board directors and managers periodically.

(3) Information of remuneration committee members

Title	Conditions / Name	Professional qualification and experience	Status of independence	No. of companies that the remuneration committee members receives pay from
Convenor Independent Director	Li-jen Kuo	See the information disclosure Directors' professional qualification and independence	(1) Not an employee of FOCI or its affiliates; (2) Not a director or supervisor of FOCI or its affiliates (however, this does not apply if the independent	0

Independent Director	Tzu-ming Wang	on page 9~10.	directors appointed by FOCI and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with the Act or the laws of the local country concurrently serve as independent directors.)	1
Independent Director	Tien-chang Huang		(3) Natural person shareholders who are not themselves and their spouses, minor children, or others who hold more than 1% of FOCI's total issued shares or is one of the top ten shareholders.	3

(4) Operations of remuneration committee

A. FOCI’s remuneration committee has three members.
B. The term of members: from 11 June 2024 to 29 May 2027; the committee had 2 meetings in 2024. The qualification and attendance of the members are described as follows:

Title	Name	No. of attendance in person	No. of meetings attended by a proxy	% of attendance in person	Remark
Convenor	Li-jen Kuo	1	1	50%	
Member	Tzu-ming Wang	2	0	100%	
Member	Tien-chang Huang	2	0	100%	
Member	Mei-huei Li	0	0	0%	Stepped down after re-election on May 30, 2024.
Member	Chi-Jen Chou	0	0	0%	Stepped down after re-election on May 30, 2024.

Other matters to be stated:

1. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons).: none.
2. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members’ opinion.: none.

3. Agendas and resolutions of remuneration committee meetings in the most recent year and how members' comments were handled:

Remuneration committee	Agendas and resolutions	Remuneration committee's resolution	The company's handling of the remuneration committee 's opinions
The 1st Meeting of the 6th Remuneration Committee 2024.8.8	1. Proposal for the Appointment of the Convener of the Sixth Remuneration Committee of the Company 2. Amendments to the Company's "Summary of Current Remuneration Items for Directors and Managers" 3. Proposal for the Appointment and Remuneration of the New manager of the "Information Systems and Cybersecurity Department" 4. Proposal for Vice President Shy-jge Wang Appointment as the Chief Officer Responsible for Sustainable Development 5. Proposal for Adjustments to the Company's Managerial Remuneration	Approved as proposed after the chairman consulted with all attending members.	These proposals were submitted to the Board of Directors and were unanimously approved by all attending directors.
The 2nd Meeting of the 6th Remuneration Committee 2024.11.7	1. Proposal for the Company's "2024 Incentive Bonuses"	Approved as proposed after the chairman consulted with all attending members.	These proposals were submitted to the Board of Directors and were unanimously approved by all attending directors.

(5) Information of nomination committee members and committee's operations: not applicable.

5. Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons:

<table>
<tr><td rowspan="2">Evaluation item</td><td colspan="3">Implementation status</td><td rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary description</td></tr>
<tr><td>1.Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?</td><td>V</td><td></td><td>1. The Company's Corporate Strategy Development Center is responsible for integrating and promoting corporate sustainability development, with the General Manager authorized by the Board of Directors to oversee and supervise.
2. Adhering to the company's "Sustainability Guidelines," the Company‘s Corporate Strategy Development Center is responsible for integrating and promoting corporate sustainability development as the highest-level decision-making center for sustainability within the Company. The "Greenhouse Gas Inventory Implementation Committee" has been established, with the Deputy General Manager of the Corporate Strategy Development Center authorized by the Board of Directors to convene the implementation committee and form verification teams for the parent company and subsidiaries. The latest report was presented to the Board of Directors, regarding the execution status. The Company actively promotes corporate sustainability development, collaborating with senior executives from various fields to review the Company's core operational capabilities and formulate medium to long-term sustainability development plans.
3. The Company's Board of Directors is deeply committed to sustainability governance. By establishing management policies, strategies, and objectives, the Board ensures that the Company aligns with Environmental, Social, and Governance (ESG) standards, thereby realizing its long-term sustainability vision.
Management Policies: Beginning in 2025, the Board will regularly review the company's sustainability policies to ensure that operational strategies are consistent with international standards (such as GRI, TCFD, SBTi) and governmental regulations. The Board will also guide the executive team in implementing sustainability action plans.
Strategies and Objectives: The Board will oversee and approve key</td><td>No deviation</td></tr>
</table>

			sustainability strategies, including responsible supply chain management and the enhancement of social impact. It will set short-, medium-, and long-term performance indicators to ensure that execution outcomes align with the Company's mission. Performance Review: At least once annually, the Board will convene dedicated sustainability meetings to assess the company's ESG status and ensure the effective execution of strategies. In the event of significant risks or market changes, the Board will adjust strategies in a timely manner to maintain the Company's sustainable competitiveness. Through effective governance mechanisms, the Board ensures that sustainability development is not merely a compliance requirement but a crucial strategy for enhancing corporate value and securing long-term shareholder interests.	
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		1. The Company has established the " Sustainable Development Best Practice Principles," disclosed on the Company's website, and conducts periodic reviews of the effectiveness of corporate social responsibility implementation. It considers the trends in domestic and international corporate social responsibility on ESG and promotes various corporate social activities. 2. The Company has established a risk assessment management procedure and, based on the assessed risks, has formulated the following relevant risk management policies or strategies: A. Environment: (1) As the Company's main markets are in the United States and the European Union, which require products to comply with environmental regulations, the Company has obtained environmental verification under "ISO 14001" and regularly maintains certification. (2) The Company conducts greenhouse gas emission inventories according to ISO 14064 to assess the impacts faced by the company's operations. (3) Annual internal audit plans are developed to ensure compliance with relevant environmental regulations and to audit operational processes for compliance. B. Social: Regular fire drills and occupational safety education and training are conducted annually to cultivate employees' abilities in emergency response and self-safety management. C. Corporate Governance: (1) Compliance with socio-economic laws and regulations: Through the establishment of governance structures and the implementation of internal control mechanisms, the Company ensures that all personnel and	No deviation

			operations comply with relevant legal regulations. (2) Strengthening director functions: Training programs are provided for directors on relevant topics, including updates on the latest laws, institutional developments, and policies. Directors are also covered by directors' liability insurance to safeguard against litigation or claims. (3) Stakeholder communication: Various communication channels are established to actively communicate and reduce conflicts and misunderstandings. An investor mailbox is set up, managed by a spokesperson responsible for responding to inquiries.	
3. Environmental Issues				
(1) Has the Company set an environmental management system designed to industry characteristics?	V		1. The Company has established an environmental policy and obtained ISO 14001 certification. We actively implement an environmental management system, comply with regulations for air pollution prevention, and ensure proper handling of wastewater and waste disposal. We promote the concept of environmental protection and energy conservation, aiming to reduce resource wastage. Certification Type: ISO-14001:2015 2. The Company follows ISO 14001 to establish an environmental management system and consistently undergoes third-party verification. In accordance with ISO 14064-1, we have initiated greenhouse gas inventories since 2022.	No deviation
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		1. The Company is committed to reducing energy and water consumption, managing waste and resource recycling, as well as controlling pollution emissions. We actively promote the reuse of various waste materials and resources. 2. We actively implement measures to reduce energy consumption by selecting equipment with high energy efficiency and energy-saving designs. This helps to minimize both corporate and product energy consumption while expanding the use of renewable energy sources, thereby optimizing energy efficiency. 3. The Company's use of raw materials complies with EU regulations such as RoHS, REACH, and halogen-free specifications to reduce environmental impact. In green manufacturing, we minimize unnecessary resource wastage, seek waste reduction, and reuse defective products. Throughout the value chain, we collaborate to recycle and share packaging materials, maximizing the benefits of the circular economy.	No deviation
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address	V		1. The Company has identified feasible opportunities and developed response measures through a risk management mechanism to address climate risks. In terms of climate change mitigation, we focus on initiatives such as green operations, energy management, carbon disclosure, and green building development. Regarding climate change adaptation, we have implemented	No deviation

<table>
<tr><td>them?</td><td></td><td></td><td>strengthened foundational measures and initiated plans for sustainable operational capabilities, including the construction of renewable energy infrastructure.</td><td></td></tr>
<tr><td>(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?</td><td>V</td><td></td><td>Historic data of water consumption and the total weight of waste are collected, and policies formulated for greenhouse gas reduction, water reduction or other waste management. Pay attention to the temperature control of the air conditioners in the business place and office at all times, and install an energy-saving control system to effectively use energy, hoping to achieve the goal of energy conservation and carbon reduction.
1.The ISO14064 greenhouse gas inventory system was built in 2022
<table><tr><th>Year</th><th>Total power used (MWH)</th></tr><tr><td>2023</td><td>1,774</td></tr><tr><td>2024</td><td>2,234</td></tr></table>
Due to the expansion of its facilities, the Company’s electricity consumption for products increased by approximately 25.9% in 2024 compared to 2023. To address this, the Company has implemented various energy-saving measures, adopted equipment with energy-efficient designs to reduce energy consumption, and established electricity conservation plans to optimize energy efficiency.

2.Water consumption：
<table><tr><th>Year</th><th>Total water consumption (thousand metric tons)</th><th>Water consumption per unit area (metric tons/m2)</th></tr><tr><td>2023</td><td>10.6</td><td>1.036</td></tr><tr><td>2024</td><td>9.28</td><td>0.838</td></tr></table>
The Company has implemented water conservation measures, including controlling the operating hours of cooling towers to significantly reduce water consumption, installing water-saving labeled faucets, and reducing toilet water usage by half. Through effective water resource management and the execution of water-saving technologies, water consumption has gradually decreased by approximately 2-4%. The future goal (2025-2027) is to reduce total water consumption by 10% compared to 2024, with a focus on water resource recycling and the installation of energy-saving water devices.</td><td>No deviation</td></tr>
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<tr><th>Year</th><th>Hazardous industrial waste (metric tons)</th><th>General industrial waste (metric tons)</th><th>Unit product output (KG)</th></tr>
<tr><td>2023</td><td>0.00</td><td>56.13</td><td>0.86</td></tr>
<tr><td>2024</td><td>0.18</td><td>49.05</td><td>0.05</td></tr>
</table>
"Zero Waste" is the objective of our company's waste management strategy. We are committed to annual waste reduction initiatives, sourcing raw materials that comply with the Restriction of Hazardous Substances (RoHS) Directive, and replacing hazardous products. Additionally, we focus on recycling and reusing products to achieve a "Zero Waste Society."
All raw materials used by our company adhere to the European Union's RoHS standards, which restrict the use of specific hazardous substances in electrical and electronic equipment. Our efforts include minimizing material usage through recycling, reducing pollution during product manufacturing to lessen environmental impact, and implementing green manufacturing practices to avoid unnecessary resource waste. We are also dedicated to developing waste reduction and reuse technologies and collaborating with stakeholders across the value chain to promote packaging recycling and sharing.
In 2024, the company generated 49.05 metric tons of waste, a 12.6% reduction compared to the previous year, achieving our annual waste reduction target.
</td>
<td></td>
</tr>
<tr><td colspan="5">4.Social Issues</td></tr>
<tr>
<td>(1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</td>
<td>V</td>
<td></td>
<td>1.The Company management policies and operating procedures are formulated based on international human rights conventions and the laws and regulations of the Republic of China to protect equal rights to work in terms of race, gender, and religion.
2.The Company acknowledges and voluntarily adheres to internationally recognized human rights standards, including the Universal Declaration of Human Rights, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the International Labor Organization standards. Through our " Human Rights Policy," we uphold the protections established in human rights conventions and comply with the requirements set forth by the Responsible Business Alliance (RBA) regarding human rights initiatives.</td>
<td>No deviation</td>
</tr>
<tr>
<td>(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation,</td>
<td>V</td>
<td></td>
<td>1. The Company has established work regulations and relevant personnel management rules, covering basic wages, working hours, vacations, retirement benefits, labor insurance benefits, occupational accident compensation, etc., all</td>
<td>No deviation</td>
</tr>
</table>

leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?			of which comply with relevant provisions of labor standards laws. The Employee Welfare Committee, generated through employee elections, manages various welfare matters. The Company's compensation policy is positively correlated with individual capabilities, contributions to the Company, performance, and business performance. A. Employee Welfare Measures (1) The Company establishes an Employee Welfare Committee, which organizes activities such as year-end parties, factory celebrations, and trips annually, and provides birthday vouchers, wedding gifts, childbirth subsidies, etc. (2) Provide health check-up items that exceed regulatory requirements. (3) The Company has sports facilities such as basketball, badminton, table tennis, and billiards, and encourages colleagues to establish sports clubs. (4) Provide flexible working hours for employees to choose freely. (5) In 2024, a total of 258 participants joined the Company trips to Yilan and Sun Moon Lake. (6) In 2024, on-site physicians and nurses provided health education sessions on the following topics: Maternal Health Protection (1 session), Abnormal Physical Examination/Health Checkup Results (52 sessions), Ergonomic Protection (2 sessions), and other topics (2 sessions). B. Workplace Diversity and Equality (1) The Company has a maternity health protection plan, providing comprehensive health measures for female colleagues, including lactation rooms and professional on-site doctors and nurses for health education advice. (2) Respect colleagues' religious needs and allow religious activities in the employee rest area during reasonable hours. 2. Business Performance Reflected in Employee Compensation: The Company's employee remuneration is allocated according to the Company's articles of Incorporation, with 5%-15% of the profits of the current year.	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		1. The Company provides employees with a safe and sound workplace environment, and follows applicable laws and regulations. Company regulations, such as "Rules for Labor Safety and Health", "Rules for Fire Management ", and "Rules for Hazardous Chemical Substance Management", are established, along with relevant work rules, to prevent occupational accidents; drills are carried out regularly (twice a year) on fire regulations and emergency response to disasters, and health examination provided for all	No deviation

employees, lectures and courses on physical and mental health given from time to time, and events like family days and employee travel organized. In addition, the Company has an employee welfare committee responsible for employee welfare measures and subsidies. Labor insurance, national health insurance, and group insurance are also provided in accordance with applicable laws, so as to protect the rights and interests of employees and fully support the balanced development of employees' body, mind and soul.

2. Occupational Safety and Health Policy

   The Company regards the safety and health of employees as the greatest asset. Therefore, protecting the health of employees and avoiding accidents and property losses is the goal of the Company. Maintaining a safe and hygienic working environment and establishing a safety and health system with full participation are the tasks of the management at all levels. It is the responsibility of the management to actively participate in the safety and health work and the obligation of every employee to follow the Company's safety and health regulations. All work rules of FOCI must comply with the applicable safety and health laws and regulations. The safety and health rights and responsibilities are clearly stipulated and their performance evaluated, with the participation and efforts of all employees to establish a safe working environment. The Company proud to announce that in 2024, we achieved zero occupational accidents, reaching our goal of "zero accidents in the workplace." This accomplishment was recognized with the government's accident-free working hours certificate. All colleagues are committed to workplace safety, encouraging everyone and the Company to minimize hazard risks.

3. Labor Work Environment Monitoring

   To ensure that workers are protected from harmful substances in the workplace and to provide a safe working environment for them, we conduct work environment monitoring every six months in accordance with occupational safety and health laws. For areas that do not comply with regulations or have exposure to hazards, we implement engineering controls for improvement. The results of the work environment assessment in 2023 and 2024 both met regulatory requirements without any deficiencies.

4. Emergency Response Drill

   The Company initiates emergency response drills every year to prevent occupational accidents and implement employee response, and conducts

			on-site simulation drills for hazards such as fires, power outages, and water outages. It is hoped that the hazards and losses can be minimized if the real situation occurs. 5. Occupational Safety and Health Program The Company shall formulate occupational safety and health management plans according to the scale and nature of its business units; and set up safety and health organizations and personnel for safety and health management and autonomous inspections. The plans should include other mechanical equipment and operations with potential hazards in the business unit as much as possible in addition to those required by the Rules for Occupational Safety and Health Management. Autonomous inspections or spot checks, dynamic inspections, and patrols on an annual, monthly, and daily basis shall be carried out to ensure that the equipment and working environment are safe and sound. 6. Safety training and propaganda 7. The Company provides regular safety training in, for example, occupational safety training, chemical hazard awareness, prevention of illegal infringement in the performance of duties, in order to prevent employees from being unconsciously exposed to hazardous working environments due to lack of education, training and awareness, resulting in accidents and serious physical and mental injuries.	
(4) Has the Company established effective career development training programs for employees?	V		1. The Company prioritizes long-term talent development, planning and arranging various internal and external training programs based on organizational needs, departmental requirements, and individual employee needs. These programs aim to enhance and update employees' knowledge and skills, building a rich human capital base. We focus on fostering employees' career capabilities while balancing the cultivation of core professional skills with their holistic development. 2. Comprehensive competency training is provided for supervisors and colleagues at all levels, including newcomer training, professional advancement training, and managerial training. We assist colleagues in continuous learning and growth through diverse learning methods and incorporate the belief in corporate ethics into relevant training courses to cultivate key competencies among employees. In the 2023 and 2024 fiscal years, a total of 1,051 participants completed career training programs, accumulating a total of 2,512 training hours.	No deviation

			3. During regular performance reviews each year, supervisors and employees discuss and set individual annual competency development plans. Through regular review and feedback, we help employees tailor the best development plans for themselves.	
(5) Does the Company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		1. Applicable laws and international standards are followed for the Company's marketing and labeling of products and services. For the products sold, a self-declaration is issued according to customer needs, including compliance with REACH, RoSH, halogen-free requirements and other applicable international regulations. The privacy of customers is subject to confidentiality agreements and Personal Data Protection Act. A customer service unit and a special area on The Company's website for stakeholders are provided to protect consumer rights and interests and serve as channels for complaints. 2. The Company has the rules for personal data protection management in place, strictly abides by the trade secret act, and reaches confidentiality clauses and contracts with customers and suppliers. Customer's data is protected through the internal audit of personal data, external verification, crisis prevention and training. 3. The Company has the rules for outgoing information management for the distribution of external information, and strictly abides by relevant government regulations. External advertisements and web page information all comply with legal requirements. 4. The Company's sales department checks and confirms the implementation of customer policies from time to time, receives and handles customer complaints, and assists front-line business colleagues in customer complaints. They have done a good job in safeguarding customer rights and interests.	No deviation
(6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		1. The Company has established Supplier Management Procedures and Environmental Substance Management Procedures for the management of suppliers, and conducts annual assessments, both scheduled and unscheduled, on the environmental protection and occupational health and safety management systems and performance of key suppliers. Suppliers are required to adhere to relevant regulations concerning environmental protection, occupational health and safety, and labor rights. 2. Evaluation teams composed of engineering, research and development, quality assurance, procurement, and production personnel conduct both written and on-site assessments of suppliers. The focus includes ensuring quality and	No deviation

			product safety. Regular and ad-hoc audits are conducted on quality management and hazardous substance management for all trading suppliers. Annual assessments are conducted on the environmental protection and occupational health and safety management systems and performance of key suppliers. Leveraging the Company's influence, environmental and safety management is promoted throughout the Company's major suppliers via supply chain management, ensuring supplier Compliance with environmental, safety, and health regulations. Additionally, raw material suppliers are required to provide a "Green Product Declaration" confirming that their raw materials comply with regulatory standards to ensure safe use. Suppliers are expected to comply with laws and social norms, ensure information security, evaluate human rights and occupational health and safety, and fulfill corporate social responsibility. Only suppliers that pass the evaluation are deemed qualified. Most of the Company's domestic and international suppliers are long-term partners. If any supplier poses significant negative impacts on the environment, labor conditions, human rights, or society, the Company reserves the right to terminate or cancel contracts.	
5. Does the Company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		V	The Company has established the "Guidelines for Sustainable Development Practice" and the "Procedures for Compiling and Submitting Sustainability Reports." In addition to promptly revising relevant laws and regulations, the Company actively engages in environmental protection, social services and care, and sponsors public welfare activities to fulfill its corporate social responsibility through concrete actions.	In compliance with regulatory requirements, the Company will prepare the 2024 Sustainability Report in 2025 and submit it by the end of August 2025.

6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations:

(1) The company has established a Sustainable Development Best Practice Principles, which is disclosed on the Company's website. Please refer to the "ESG" section on our website: http://www.foci.com.tw.
(2) The content of our Sustainability Practice Code includes principles related to compliance with regulations, freedom of employment, fair treatment and non-discrimination, salary and benefits, health and safety, environmental protection, communication mechanisms, ethical standards, corporate governance, and promotion of participation, among other areas.

7. Other important information to facilitate better understanding of the Company's promotion of sustainable development:

(1) The Company encourages employees to care about environmental matters by conserving water and electricity within the factory premises, practicing resource segregation and recycling, and bringing their own tableware to support government initiatives for energy conservation and carbon reduction.

(2) A stairwell lighting improvement plan is carried out at the Company's office building carried out, replacing the stairwell lighting with LED sensor bulbs, reducing electricity consumption by 235 kW/hr per month.
(3) The Company sponsored and donated the service funds of the Hsinchu Catholic Charity Social Welfare Foundation in 2024.
(4) The Company joined force with the Down Syndrome Foundation to organize the "FOCI Charity Sale" in 2024.
(5) In 2024, the Company sponsored the Winter Warmth Carnival organized by the Hsinchu Family Support Center for Orphans.
(6) In 2024, the Company sponsored the "Dancing Vitality, Fun Physical Activities" event organized by the Hsinchu City Catholic Charity Foundation, donating funds for services to people with disabilities, supporting diverse learning, and maintaining physical and mental health.
(7) In 2024, the Company provided the Company premises free of charge to the Dharma Drum Mountain Retreat Center, offering a spiritual healing space for employees in the Hsinchu Science Park, with approximately 200 people using it each month.
(8) In March and October 2024, FOCI collaborated with the Yu-Cheng Social Welfare Foundation to organize the "FOCI Love Charity Sale" event.

Climate-Related Information

<table>
<tr><th>Item</th><th colspan="4">Implementation status</th></tr>
<tr><td>1.Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</td><td colspan="4">Since the second quarter of 2022, the Corporate Strategy Development Center has been reporting the implementation status of carbon audits to the Board of Directors on a quarterly basis. The Board of Directors has authorized the General Manager to handle and supervise this matter.</td></tr>
<tr><td rowspan="11">2.Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</td><td colspan="4">The Company provides an explanation of the relevant issues and corresponding measures for short-term, medium-term, and long-term climate risks in 2024:</td></tr>
<tr><td>Front</td><td>Timeline</td><td>Risk</td><td>Opportunity</td></tr>
<tr><td rowspan="3">Operational Aspect</td><td>Short</td><td>Increase in raw material costs</td><td rowspan="3">With the intensification of ESG trends, international brands and investors are placing greater emphasis on supply chain carbon management and sustainability performance to mitigate risks. The Company is committed to enhancing supply chain diversification to ensure procurement stability. FOCI references ISO 14064-1 standards for greenhouse gas inventories to develop green solutions, including green manufacturing, green energy, and green products.</td></tr>
<tr><td>Medium</td><td>Growth in demand for low-carbon products and markets</td></tr>
<tr><td>Long</td><td>Low-carbon transformation of products and services, complemented by the necessary infrastructure</td></tr>
<tr><td rowspan="3">Strategic Aspect</td><td>Short</td><td>Growth in Demand for Low-Carbon Products and Markets</td><td>The Company actively procures products from green supply chains and develops energy-efficient optical fiber components.</td></tr>
<tr><td>Medium</td><td>Utilization and Advancement of Low-Carbon Technologies</td><td rowspan="2">Seizing key strategic opportunities in public sector net-zero initiatives, the Company aims to expand and deepen its ecosystem partnerships.</td></tr>
<tr><td>Long</td><td>Deployment of Solutions Addressing Transitional and Physical Risks</td></tr>
<tr><td rowspan="3">Financial Aspect</td><td>Short</td><td>Internalization of Climate External Costs</td><td>The Company actively procures products from green supply chains and develops energy-efficient optical fiber components.</td></tr>
<tr><td>Medium</td><td rowspan="2">Impact of External Regulations, such as Increased Pricing of Greenhouse Gas Emissions and Adjustment Taxes, on Operating Costs</td><td rowspan="2">By implementing ISO 14064-1 greenhouse gas inventories, the Company ensures compliance with carbon regulations, facilitating stable development and the creation of high-value green solutions.</td></tr>
<tr><td>Long</td></tr>
<tr><td rowspan="2">3. Describe the financial impact of extreme weather events and transformative actions.</td><td></td><td>Item</td><td>Financial Impact</td><td>Mitigation Measures</td></tr>
<tr><td>Extreme Weather Events</td><td>Floods, Droughts, Typhoons, Earthquake</td><td>Disruption of factory water/electricity supply resulting in production impact and operational downtime-related losses.</td><td>● Establishing comprehensive water resource management.
● Gradually increase the volume of recycled water used in manufacturing processes and equipment year by year to ensure extended and stable process water supply, with regular reviews of water management effectiveness.</td></tr>
</table>

				● Conducting inspections of process equipment in the factory area. ● A climate risk monitoring system will be implemented to enable early warning capabilities and mitigate the impact of extreme weather events on business operations.
	Transition Initiatives	Enhancing Energy Efficiency	● Acquisition or maintenance of energy-saving facilities leading to increased operational costs. ● Reduction of greenhouse gas emissions resulting in decreased operational costs associated with carbon fees.	● Conducting Energy Audits By performing comprehensive energy audits, we have gained insights into our current energy consumption patterns and identified the primary energy-intensive users. This process involves a thorough examination of equipment functionality, energy usage, and potential inefficiencies, allowing us to pinpoint areas most in need of improvement. ● Implementing Energy-Efficient Equipment Based on the audit findings, we are systematically upgrading and replacing inefficient equipment to enhance overall energy efficiency. ● Optimizing Operational Management ● Enhancing energy efficiency is equally dependent on effective daily operational strategies and methodologies. We are increasing the intelligence of our operational management to achieve this goal.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Based on the framework of the Task Force on Climate-related Financial Disclosures (TCFD), climate risk issues are identified through reports from international organizations, peer industry analyses, and relevant regulations. The integration of financial or strategic considerations into the overall risk management system is determined, assessing the weightings of impact intensity and likelihood of occurrence to gauge the magnitude of risk values. Subsequently, risk issues are prioritized based on their importance.			
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	None			
6.If there is a transition plan for managing climate-related risks, describe the content of the plan,	None			

and the indicators and targets used to identify and manage physical risks and transition risks.	
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	None
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	None
9.Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	Please refer to Tables 1-1 and 1-2 for details.

Table1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

Greenhouse Gas Inventory InformationDescribe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

The Company conducted a greenhouse gas inventory for its Hsinchu plant in 2022 and for FOCI & subsidiaries (including Shanghai FOCI Fiber Optic Communications, Inc & Zhongshan FOCI Fiber Optic Communications, Inc.) plant in 2023. The 2024 greenhouse gas inventory is scheduled for completion in the second quarter of 2025, after which the results will be disclosed on the Company's official website.The inventory results for the past two years, 2022 and 2023, are as follows:

Year	Scope 1	Scope 2	Scope 3
	(Metric tons of CO2e per year)	(Metric tons of CO2e per year)	(Metric tons of CO2e per year)
2022	163.1499	854.4961	192.2992
Unit Revenue Emissions (tCO2e/million dollars)	0.1007	0.5273	0.1187
2023	208.6956	1819.7665	220.3912
Unit Revenue Emissions (tCO2e/million dollars)	0.1642	1.4318	0.1734

Note 1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT$ 1 million) shall be disclosed.

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

1. As the Company has a capital of less than NT$5 billion, according to the Sustainability Development Roadmap, we are required to conduct individual company greenhouse gas assurance in 2028.
2. The Company voluntarily conducted assurance for our 2021 greenhouse gas emissions. The details of this assurance are as follows, with the third-party verification report disclosed on our company's website:

Year	Scope 1	Scope 2	Scope 3
	(Metric tons of CO2e per year)	(Metric tons of CO2e per year)	(Metric tons of CO2e per year)
2021	84.4554	978.5334	214.0204
Total	1,277.0092		

Scope of Confirmation	Confirmation Entity	Confirmation Criteria	Confirmation Opinion
Hsinchu Plant Area	TUV Nord	IS014064-1:2018	Assurance Level: Scopes 1 and 2 are provided with reasonable assurance level; Scope 3 is provided with limited assurance level.

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. If the Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, it shall note that "Complete assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it shall note that "Complete assurance information will be disclosed on the Market Observation Post System (MOPS)," and shall disclose the complete assurance information in the annual report of the following fiscal year.

Note 2: The assurance institutions shall meet the directions regarding assurance of sustainability reports prescribed by the TWSE and the TPEx

Table 1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

The Company's greenhouse gas reduction baseline year and its data, reduction targets, strategies, specific action plans, and the status of achieving reduction targets are as follows:

Baseline Year	Total emissions for 2023 were 2248.8533 tCO2e.
Reduction Target	The current carbon reduction target is >1%/year, and the annual target is planned to be a stable reduction of 3% until 2030.
Strategies and Specific Action Plans	● The Company ensures that all raw materials comply with the European Union's Restriction of Hazardous Substances (RoHS) Directive, which limits the use of specific hazardous substances in electrical and electronic equipment. This compliance includes initiatives such as reducing material usage, promoting recycling, and minimizing pollution during production to lessen environmental impact. In our green manufacturing processes, we focus on minimizing unnecessary resource waste, seeking waste reduction, and developing reuse technologies. Additionally, over 85% of our packaging materials are sourced from recycled content, collaborating with partners across the value chain to facilitate packaging recovery and reuse. ● The Company has implemented water conservation measures, including controlling the activation times of cooling towers to significantly reduce water consumption. We have also installed water-saving devices, such as low-flow toilets and faucets with water-saving labels, in our facilities. Through effective water resource management and conservation technologies, our water usage has gradually decreased by approximately 2-4%. Our future goal (2025-2027) is to reduce total water consumption by 10% compared to 2024 levels, with an emphasis on water recycling and the adoption of energy-efficient water-saving devices. ● In 2024, the Company generated 49.05 metric tons of waste, a 12.6% reduction compared to 2023, successfully achieving our annual waste reduction target.
Status of Achieving Reduction Targets	The reduction strategy is as explained above.

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations.

Note 2: The base year shall be the fiscal year in which the greenhouse gas inventory is completed based on the consolidated financial reporting boundary. For example, under the order issued under Article 10, paragraph 2 of the Regulations, a company with capital of NT$10 billion shall complete the inventory for its fiscal 2024 annual consolidated financial report in 2025, so the base year will be 2024. If a company has disclosed its inventory in its consolidated financial report in an earlier year, it may take the earlier fiscal year as its base year. Also, the data for the base year may be calculated based on a single fiscal year or the average of multiple fiscal years.

6. Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons:

Implementation of ethical corporate management

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the Company have an ethical corporate management policy approved by its Board of Directors, and by laws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		The " Ethical Corporate Management Best Practice Principles ", "Code of Ethics for Employees" and " Procedures for Ethical Management and Guidelines for Conduct " have been established and approved by the board of directors. With the business philosophy of integrity, transparency and responsibility in mind, FOCI formulates policies based on integrity, and establishes good corporate governance and risk control mechanisms to create a sustainable business environment.	No deviation
(2) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	V		The " Ethical Corporate Management Best Practice Principles " stipulated by FOCI prohibits in detail that FOCI's directors, managers and all employees from engaging in any activities with a higher risk of integrity breach in Paragraph 2, Article 7 of the " Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies " or other business scope.	No deviation
(3) Does the Company clearly set out	V		The " Procedures for Ethical Management and Guidelines for Conduct " have been	No deviation

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?			established and approved by the board of directors. The Guidelines specifically regulate matters that require the attention of FOCI's employees when performing business, including project implementation procedures, punishment for violations and appealing system. The Guidelines are communicated with all employees and embodied in daily business operations.	
2. Ethical Management Practice				
(1) Does the Company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		FOCI conduct business activities in a fair and transparent manner based on the principle of honest operation. Before doing business, we consider the legitimacy of the transaction object and any previous misconducts, and avoid trading with those who have previous dishonest behaviors. FOCI sign a contract with others, which includes compliance with the integrity management policy and clauses that the counterparty of the transaction may terminate or cancel the contract at any time if any dishonest behavior is involved.	No deviation
(2) Has the Company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		The Company's Business Strategy Development Center spearheads the promotion of corporate integrity. In addition to engaging external authoritative bodies to conduct training sessions, the Company periodically reinforces the principles of ethical conduct during regular meetings. The most recent report on the implementation of these initiatives was presented to the Board of Directors on November 17, 2024.	No deviation
(3) Has the Company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		FOCI's " Ethical Corporate Management Best Practice Principles " stipulates the code of conduct to prevent conflicts of interest, and a mailbox is established to provide a smooth channel for reporting.	No deviation
(4) Does the Company have effective accounting and internal control	V		An effective accounting system and internal control system are established to ensure the implementation of integrity management, and internal auditors carry out	No deviation

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?			inspections of the compliance with the preceding systems.	
(5) Does the Company provide internal and external ethical corporate management training programs on a regular basis?	V		In 2024, the Company organized internal and external training sessions and promotional activities focused on integrity and ethical conduct, totaling 25 participants.	No deviation
3. Implementation of the Company's Whistleblowing System				
1) Has the Company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?	V		The "Rules for Reporting Illegal or Unethical/Dishonest Behaviors" are established to provide specific reporting and reward systems, convenient reporting channels, and appropriate personnel for handling reports.	No deviation
(2) Has the Company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		The investigation standard operating procedures are specified in FOCI's whistleblowing rules for accepting whistleblowing matters and related confidentiality mechanisms. To ensure comprehensive protection of whistleblowers' identities and prevent any harm to their personal interests—excluding reports made with the intent of defamation, falsification, or framing others—the content of reports will be managed under strict confidentiality. Disclosure will only occur with the whistleblower's consent when necessary for investigation purposes. Any form of retaliation resulting in loss of position, benefits, or unfavorable changes in working conditions for the whistleblower is strictly prohibited.	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Has the Company adopted proper measures to protect whistle-blowers from retaliation for filing complaints	V		FOCI has a mailbox to receive anonymous suggestions to protect whistleblowers from negligence due to whistleblowing.	
4. Strengthening Information Disclosure				
(1) Does the Company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		The " Ethical Corporate Management Best Practice Principles " is disclosed in the investor relations section of FOCI's website and TWSE MOPS.	No deviation
5. If the Company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: the " Ethical Corporate Management Best Practice Principles " is established and its operations exhibit no deviation from the guidelines established.				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies: (1) The " Ethical Corporate Management Best Practice Principles " is reviewed and revised in the board directors' meeting when the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies are amended. (2) FOCI has the " Procedures for the Prevention of Insider Trading " in place, clearly stipulating that directors, managers and employees shall not disclose the important internal information they know to others, and shall not inquire or collect information related to personal positions from those who know FOCI's internal material information. Unpublished internal material information learned not from performing business activities shall not be disclosed to others.				

7. Other important information that helps improve the understanding of FOCI’s governance shall be disclosed as well:
   The “Procedures for the Prevention of Insider Trading” and " Rules for Reporting Illegal or Unethical/Dishonest Behaviors" are established and disclosed on FOCI’s website at http://www.foci.com.tw. There is also a section dedicated to investor relationship to help investor learn more about how FOCI operates in terms of corporate governance.

8. The following shall be disclosed for the implementation of internal control system:
   (1) Internal control statement: see Attachment 1.
   (2) The accountant’s review report shall be disclosed if an external account is hired for review on the internal control system: none

9. Important resolutions of shareholders meeting and board of directors in the most recent year and as of the date the annual report is published

   (1) Important resolutions in the shareholders meeting on 30 May 2024:

Agenda	Implementation
1. Recognition of the 2023 Business Report and Financial Statements	Resolution passed.
2. Recognized the distribution of the 2023 earnings.	Resolution passed.
3. Approved amendments to some articles of the Company's "Articles of Incorporation"	Resolved to pass to amend some articles of the Company's "Articles of Incorporation"
4. Approval of Private Placement of Common Shares	The proposal was approved by voting, authorizing the private placement of common shares within a limit of 10,000 thousand shares. The private placement is to be conducted in one to three tranches within one year from the date of the shareholders' meeting resolution. As of the date of this annual report's publication, 5,000 thousand shares have been issued.
5. Proposal for the Full Re-election of Directors	The newly appointed 12th Board of Directors (including independent directors) are as follows: Directors: Song-fure Lin Lee-chiou Chang Legal Representative of Wonderland Enterprise Co., Ltd.: Hao Fang Ting-ta Hu Independent Directors: Li-jen Kuo Tzu-ming Wang Tien-chang Huang
6. Approval to Lift Non-Compete Restrictions on Directors	Resolution passed.

(2) Material resolutions of board of directors' meetings:

Meeting date	Important resolutions
The 13th Meeting of the 11th Board of Directors 2024.2.22	(1) The Company's 2023 Business Report and Financial Statements (2) The Company's 2023 Profit Distribution (3) Distribution of Cash Dividends from Capital Surplus (4) Setting the Record Date for the Distribution of Cash Dividends from Capital Surplus (5) Assessment of the Effectiveness of the Internal Control System and Issuance of the "Internal Control System Statement" (6) Re-election of Directors (7) Establishment of Procedures for Nominating Director and Independent Director Candidates (8) Amendment to Certain Provisions of the Company's " Procedure for Board of Directors Meetings" (9) Assessment of FOCI's CPAs' Independence and Competency (10) Convocation of the Company's 2024 Annual General Shareholders' Meeting (11) Provision of Endorsements and Guarantees for the Company's Subsidiaries (12) Establishment of the Company's "Employee Stock Ownership Trust Plan"
The 14th Meeting of the 11th Board of Directors 2024.4.12	(1) Amendment to Certain Provisions of the Company's Articles of Incorporation (2) Approval of the list of Director and Independent Director Candidates Nominated by the Board of Directors (3) Lifting the Director's Non-Competition Restriction (4) Conduct of Private Placement of Common Shares (5) Addition of Agenda Items to the Company's 2024 Annual General Shareholders' Meeting (6) Disposal of Listed Securities by the Company
The 15th Meeting of the 11th Board of Directors 2024.5.9	(1) The Company's Consolidated Financial Statements for the First Quarter of 2024
The 1st Meeting of the 12th Board of Directors 2024.5.30	(1) Election of the Chairman of the 12th Board of Directors of the Company (2) Execution of an Industry-Academia Cooperation and Academic Feedback Mechanism Contract with National Taipei University of Education
The 2nd Meeting of the 12th Board of Directors 2024.6.11	(1) Qualification Review of Subscribers in the Private Placement of Common Shares (2) Pricing of the Private Placement of Common Shares (3) The Company's Capital Expenditure (4) Appointment of the Members of the Sixth Remuneration Committee

The 3rd Meeting of the 12th Board of Directors 2024.8.8	(1) The Company's Consolidated Financial Statements for the Second Quarter of 2024 (2) Capital Reduction of the Company's Subsidiary (3) Dissolution and Liquidation of the Company's Subsidiary, Jiangxi FOCI Fiber Optic Communication, Inc. (4) Amendment to the Company's "Summary of Current Remuneration Items for Directors and Managers" (5) Appointment and Remuneration of the New Head of the "System Information and Information Security Department" (6) Appointment of Vice President Shy-jge Wang as Chief Sustainability Officer (7) Adjustment of Managers' Salaries (8) Amendment to Certain Provisions of the Company's " Remuneration Committee Charter" (9) Application for Credit Line from Financial institutions
The 4th Meeting of the 12th Board of Directors 2024.11.7	(1) The Company's Consolidated Financial Statements for the Third Quarter of 2024 (2) Amendment to Certain Provisions of the Company's "Corporate Governance Best Practice Principles" (3) Establishment of the Company's "Sustainable Information Management Procedures" (4) Amendment to Certain Provisions of the Company's "Sustainable Development Best Practice Principles" (5) Establishment of the Company's "Sustainability Report Preparation and Submission Procedures" (6) FOCI's Business Plan for 2025 (7) FOCI's Audit Plan for 2025 (8) Review of the Company's Proposal for the "2024 Incentive Bonuses" (9) Disposal of Emerging Stock Market Securities (10) Divestment of the Company's Investments (11) Application for Credit Line from Financial institutions
The 5th Meeting of the 12th Board of Directors 2025.2.20	(1) The Company's 2024 Business Report and Financial Statements (2) Appropriation of Losses for Fiscal Year 2024 (3) Assessment of the Effectiveness of the Internal Control System and Issuance of the "Internal Control System Statement" (4) Evaluation of the FOCI's CPAs' independence and competency (5) Amendments to Certain Provisions of the Internal Control System Pertaining to the "Payroll Cycle" (6) Amendments to Certain Provisions of the Articles of Incorporation (7) Report on the Implementation of the Private Placement of Common Shares Approved at the 2024 Annual Shareholders' Meeting (8) Proposal for a New Private Placement of Common Shares (9) Issuance of Employee Stock Options (10) Lifting of Non-Compete Restrictions on Directors (11) The Company's Capital Expenditures (12) Provision of Endorsements and Guarantees for Subsidiaries (13) Application for Credit Line from Financial institutions (14) Matters Related to Convening the Company's 2025 Annual Shareholders' Meeting

10. Contents of different opinions from board director or supervisor on any important resolution made by the board of directors meeting with record or written statement in the most recent year and as of the date the annual report is published: none.

(IV) Information on the professional fees of the attesting CPAs (external auditors):

1. The amount of audit fees and non-audit fees paid to the attesting CPAs, their respective firms and affiliates, and the content of non-audit services.

Audit fees for CPA

Unit: NT$ 1,000

Name of accounting firm	Name of CPA	Audited period	Audit fees	Non-audit fees	Total	Remark
PWC Taiwan	Shu-Chian Bai Tien-Yi Li	2024/1/1~ 2024/12/31	3,000	2,754	5,754	

Non-audit fees include (1) TP transfer pricing fee of NT$320 thousand, (2) English translation fee of annual financial statements of NT$300 thousand, and (3)The company incurred NT$541 thousand in professional fees for the 2021 transfer pricing audit. (4)Professional fees of NT$1,593 thousand for business registration, tax deduction and exemption, and other legal and tax consulting services.

2. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: not applicable.

3. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: not applicable.

(V) Information on replacement of certified public accountant

1. About the predecessor CPAs

Replacement date	On February 23, 2023, the resolution of the board of directors was passed
Replacement reasons and descriptions	In cooperation with the internal position adjustment of PwC Taiwan, the certified accountants have been changed from Ya-Huei Cheng and Tien-Yi Li to Shu-Chian Bai and Tien-Yi Li since the first quarter of 2023.
The appointing person or accountant has terminated or refused to accept the appointment	N/A
Opinions and reasons for audit reports other than unqualified opinions issued within the latest two years	N/A
Disagreement with the issuer	N/A
Other disclosures (Items to be disclosed from Item 1-4 to Item 1-7 of Paragraph 6 of Article 10 of the Code)	N/A

2. Regarding the successor accountant:

Firm name	PwC Taiwan
Accountant name	Accountant Shu-Chian Bai and Accountant Tien-Yi Li
Appointment date	On Feb 23, 2023, the resolution of the board of directors was passed
Consultation matters and results on the accounting treatment method or accounting principles of specific transactions and the possible issuance of financial reports before appointment	N/A
Written opinion of the successor accountant on matters with different opinions from the predecessor accountant	N/A

3. Reply letter from the predecessor accountant to Item 1 and Item 2-3 of Paragraph 6 of Article 10 of the Code: none.

(VI) Where the Company's chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: none.

(VII) Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

1. Change in equity interests of board directors, supervisors, managers and major shareholders

Unit: shares

Title	Name	2024		Up to 25 March 2025	
		No. of shareholdings increased / decreased	No. of pledged shares increased / decreased	No. of shareholdings increased / decreased	No. of pledged shares increased / decreased
Chairman	Song-fure Lin	0	1,900,000		0
Director	Lee-chiou Chang	(200,000)		(100,000)	0
Director	Ting-ta Hu	88,000	0	3,195	0
Director	Wonderland Enterprise Co., Ltd.	0	0	0	0
	Legal Representative: Hao Fang	0	0	0	0
Indepedant Director	Li-jen Kuo	0	0	0	0
Indepedant Director	Tzu-Ming Wang	0	0	0	0
Indepedant Director	Tien-chang Huang	0	0	0	0
GM	Ting-ta Hu	88,000	0	3,195	0

GM of FOCI Shanghai and Zhongshan	Chun-ying Kung	(217,000)	0	(61,000)	0
VP	Ching-wei Wei	(51,000)	0	(5,000)	0
VP	Shy-jge Wang	0	0	0	0
Director Head of finance Head of accounting	Ya-fang Yu	(86,199)	18,000	(18,000)	(18,000)
Director Head of Information Security and Cybersecurity Department	Shang-zhang Lin (Note 1)	0	0	(1,000)	(1,000)
Director	Beolym Corp. (Note 2)	(2,439,898)	0	Not applicable	Not applicable
	Legal Representative: Hsin-tse Tsai (Note 2)	0	0	Not applicable	Not applicable
Indepedant director	Mei-huei Li (Note 3)	0	0	Not applicabl	Not applicable

Note 1:Appointed on August 8, 2024; shareholding is calculated from the date of appointment.
Note 2:Removed from office on March 4, 2024; shareholding is calculated up to the date of dismissal.
Note 3:Removed from office following the re-election at the shareholders' meeting on May 30, 2024; shareholding is calculated up to the date of dismissal.

2. Where the counterparty in any such transfer of equity interests is a related party: none
3. Where the counterparty in any such pledge of equity interests is a related party: none

(VIII) Relationship information, if among the Company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another

25 Mar 2025; Unit: shares / %

Name	Shareholdings by one's own		Shareholdings by spouse and/or minor children		Shareholdings in others' names		Name and relationship if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another		Remark
	No. of shares	Sharehold-ing %	No. of shares	Sharehold-ing %	No. of shares	Sharehold ing %	Name	Relationship	
Himax Technologies, Inc.	5,500,000	5.31	0	0	0	0	none	none	
Song-fure Lin	5,124,102	4.94	0	0	150,561	0.15	none	none	
Yu Chieh Investment Co., Ltd.	3,850,000	3.71	0	0	0	0	none	none	
Wonderland Enterprise Co., Ltd.	3,500,000	3.38	0	0	0	0	none	none	
HSBC (Taiwan) in custody for Goldman Sachs Investment Account	2,508,966	2.42	0	0	0	0	none	none	
Global Technology Fund Investment Account of Polar Capital Funds Limited, Custodied by HSBC Bank (Taiwan) Limited	2,500,000	2.41	0	0	0	0	none	none	
Chun-Yung Chen	2,389,168	2.31	0	0	0	0	none	none	
Browave Corporation	2,000,526	1.93	0	0	0	0	none	none	
Commodity Hedging Account of Concord Securities Co., Ltd.	1,854,000	1.79	0	0	0	0	none	none	
Yuan Yao Development Co., Ltd.	1,650,000	1.59	0	0	0	0	none	none	

(IX) The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company

31 Dec 2024; Unit:1,000 shares/%

Investee enterprises (note 1)	Investment by FOCI		Investment by directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by FOCI		Total investment	
	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %
FIOPTEC Inc. (Cayman)	9,200	100%	0	0	9,200	100%
Shanghai FOCI Fiber Optic Communications, Inc (note 2)	0	0	0	100%	0	100%
Jiangxi FOCI Fiber Optic Communication, Inc. (note 3)	0	0	0	100%	0	100%
Zhongshan FOCI Fiber Optic Communications, Inc. (note 4)	0	0	0	100%	0	100%

Note 1: an investee company valuated based on the equity method.
Note 2: invested through FIOPTEC Inc. (Cayman).
Note 3: invested through FIOPTEC Inc. (Cayman).
Note 4: invested through FOCI Shanghai.

III.Information on Capital Raising Activities

(I) Capitals and stock shares

1. Source of capital stock

25 March 2025; Unit:1,000 shares/NT$ 1,000

Date	Issue price	Authorized stock		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Source of capital stock	Shares appropriated from properties other than cash	Others
Jun 1995	NT$ 10	20,000	200,000	7,913	79,130	Company founding	None	Yuan Shang 08538, dated 14 Jun 1995
Oct 1995	NT$ 10	20,000	200,000	15,216	152,161	Cash capital increase	None	Yuan Shang 16433, dated 30 Oct 1995
Jul 1996	NT$ 10	20,000	200,000	17,850	178,500	Cash capital increase	None	Yuan Shang 12662, dated 5 Aug 1996
Dec 1996	NT$ 10	20,000	200,000	19,980	199,800	Cash capital increase	None	Yuan Shang 00388, dated 14 Jan 1997
Mar 1997	NT$ 20	35,000	350,000	35,000	350,000	Cash capital increase	None	Yuan Shang 05155, dated 31 Mar 1997
May 1998	NT$ 30 NT$ 10	110,000	1,100,000	56,720	567,200	Cash capital increase Capital increase out of capital reserves	None	Yuan Shang 013418, dated 9 Jun 1998
Sep 1999	NT$ 10	110,000	1,100,000	68,894	689,844	Capital increase out of earnings Capital increase out of capital reserves	None	Yuan Shang 021177, dated 1 Oct 1999
Mar 2003	NT$ 10	110,000	1,100,000	48,289	482,891	Capital reduction	None	Yuan Shang 920006306, dated 18 Mar 2003
Sep 2003	NT$ 13	110,000	1,100,000	53,289	532,891	Cash capital increase	None	Yuan Shang 920027902, dated 30 Sep 2003
Feb 2011	NT$ 35	110,000	1,100,000	59,952	599,521	Cash capital increase	None	Yuan Shang 6159, dated 10 Mar 2011
Sep 2011	NT$ 10	110,000	1,100,000	60,027	600,270	Employee stock option transfer	None	Yuan Shang 25884, dated 1 Sep 2011
Apr 2012	NT$ 10	110,000	1,100,000	60,139	601,391	Employee stock option transfer	None	Yuan Shang 11623, dated 17 Apr 2012
Sep 2012	NT$ 10	110,000	1,100,000	60,404	604,041	Employee stock option transfer	None	Yuan Shang 1429, dated 9 Jan 2013
Aug 2013	NT$ 10	110,000	1,100,000	60,529	605,290	Employee stock option transfer	None	Yuan Shang 23287, dated 2 Aug 2013
Dec 2013	NT$ 10	110,000	1,100,000	62,094	620,940	Employee stock option transfer / Convertible bonds into shares	None	Yuan Shang 37766, dated 5 Dec 2013
May 2014	NT$ 10	110,000	1,100,000	76,317	763,174	Convertible bonds into shares	None	Chu Shang 15714, dated 27 May 2014
Oct 2014	NT$ 10	110,000	1,100,000	74,687	746,875	Cancellation of treasury shares	None	Chu Shang 30814, dated 24 Oct 2014
Dec 2014	NT$ 10	110,000	1,100,000	75,855	758,549	Convertible bonds into shares	None	Chu Shang 36009, dated 1 Dec 2014
Apr 2015	NT$ 10	110,000	1,100,000	76,005	760,055	Convertible bonds into shares	None	Chu Shang 9885, dated 9 Apr 2015
Aug 2015	NT$ 10	110,000	1,100,000	76,599	765,991	Convertible bonds into shares	None	Chu Shang 24403, dated 25 Aug 2015

May 2016	NT$ 10	110,000	1,100,000	77,599	775,991	Issuance of restricted stock awards	None	Chu Shang 13418, dated 18 May 2016
Nov 2016	NT$ 10	110,000	1,100,000	77,494	774,941	Cancellation of restricted stock awards	None	Chu Shang 31555, dated 14 Nov 2016
May 2017	NT$ 10	110,000	1,100,000	77,474	774,741	Cancellation of restricted stock awards	None	Chu Shang 14276, dated 26 May 2017
Mar 2019	NT$ 10	110,000	1,100,000	85,407	854,070	Cancellation of restricted stock awards and convertible bonds into shares	None	Chu Shang 8376, dated 26 Mar 2019
May 2019	NT$ 10	110,000	1,100,000	87,750	877,502	Convertible bonds into shares	None	Chu Shang 14592, dated 22 May 2019
Aug 2019	NT$ 10	110,000	1,100,000	90,159	901,595	Convertible bonds into shares	None	Chu Shang 24306, dated 21 Aug 2019
Oct 2019	NT$ 10	110,000	1,100,000	90,468	904,684	Convertible bonds into shares	None	Chu Shang 29830, dated 14 Oct 2019
Nov 2019	NT$ 10	110,000	1,100,000	90,557	905,572	Convertible bonds into shares	None	Chu Shang 34026, dated 25 Nov 2019
Mar 2020	NT$ 10	110,000	1,100,000	90,595	905,958	Convertible bonds into shares	None	Chu Shang 7074, dated 13 Mar 2020
Aug 2020	NT$ 10	110,000	1,100,000	90,599	905,998	Convertible bonds into shares	None	Chu Shang 23842, dated 20 Aug 2020
Nov 2020	NT$ 10	110,000	1,100,000	90,743	907,433	Convertible bonds into shares	None	Chu Shang 32598, dated 18 Nov 2020
Jan 2021	NT$ 10	110,000	1,100,000	86,743	867,433	Cancellation of treasury shares	None	Chu Shang 1831, dated 19 Jan 2021
Mar 2021	NT$ 10	110,000	1,100,000	87,073	870,739	Convertible bonds into shares	None	Chu Shang 6733, dated 15 Mar 2021
Aug 2021	NT$ 10	110,000	1,100,000	87,128	871,278	Convertible bonds into shares	None	Chu Shang 23821, dated 20 Aug 2021
Nov 2021	NT$ 10	110,000	1,100,000	87,692	876,922	Convertible bonds into shares	None	Chu Shang 33419, dated 15 Nov 2021
Mar 2022	NT$ 10	110,000	1,100,000	88,314	883,145	Convertible bonds into shares	None	Chu Shang 07568, dated 11 Mar 2022
Nov 2022	NT$ 10	110,000	1,100,000	88,337	883,337	Convertible bonds into shares	None	Chu Shang 37207, dated 18 Nov 2022
Aug 2023	NT$ 10	110,000	1,100,000	88,641	886,406	Convertible bonds into shares	None	Chu Shang 27468, dated 18 Aug 2023
Nov 2023	NT$ 10	110,000	1,100,000	98,641	986,406	Cash capital increase	None	Chu Shang 37959, dated 16 Nov 2023
Jul 2024	NT$ 10	180,000	1,800,000	103,641	1,036,406	Cash capital increase	None	Chu Shang 21595, dated 5 Jul 2024

25 March 2025 ; Unit: shares

Type of shares	Authorized stock			Remark
	Outstanding shares	Unissued shares	Total	
Registered common shares	103,640,567	76,359,433	180,000,000	OTC stocks

2. List of principal shareholders

25 Mar 2025; Unit: shares

Name \ holdings of principal shareholder	Shareholdings	Shareholding %
Himax Technologies, Inc.	5,500,000	5.31
Song-fure Lin	5,124,102	4.94
Yu Chieh Investment Co., Ltd.	3,850,000	3.71
Wonderland Enterprise Co., Ltd.	3,500,000	3.38
HSBC (Taiwan) in custody for Goldman Sachs Investment Account	2,508,966	2.42
Global Technology Fund Investment Account of Polar Capital Funds Limited, Custodied by HSBC (Taiwan) Limited	2,500,000	2.41
Chun-Yung Chen	2,389,168	2.31
Browave Corporation	2,000,526	1.93
Commodity Hedging Account of Concord Securities Co., Ltd.	1,854,000	1.79
Yuan Yao Development Co., Ltd.	1,650,000	1.59

3. Company Dividend Policy and Implementation Status

(1) Dividend policy stipulated in the Company's current Articles of Incorporation

If the Company makes a profit in the year, 5% to 15% should be appropriated as employee remuneration and no more than 5% as director remuneration. However, if the Company still has accumulated losses, it shall reserve a portion of its earning to offset the losses first.

The board shall make the distribution of remuneration to employees and directors with the attendance of more than two-thirds and a resolution approved by more than half of the directors present and reported to the shareholders' meeting. The board of directors distributes employee remuneration through stock or cash, and the distribution recipients may include employees of controlling or subordinate companies who meet certain conditions. The board of directors authorizes the qualifications and distribution methods for resolution.

If there is any profit in the Company's annual final accounts, it shall be distributed in the following order:

A. Paying tax.
B. Making up losses for preceding years.
C. Setting aside a legal reserve at 10% of the earnings (unless the accumulated amount of the legal reserve has reached the total authorized capital of the Company).
D. Setting aside or reversing a special reserve according to relevant regulations.
E. If there is still a surplus, together with the accumulated undistributed surplus, the board of directors shall prepare a earnings distribution proposal and submit it to the shareholders' meeting for a resolution on distributing dividends to shareholders

The Company's board of directors shall have more than two-thirds of the directors present and a resolution approved by more than half of the directors present. All or part of the dividends, bonuses, Legal reserve, or capital reserve shall be distributed in cash and reported to the shareholders' meeting. The provisions of the Articles of Incorporation related to the resolutions of the shareholders' meeting are not applicable.

The Company's dividend policy is determined under the Company Act and the Company's Articles of Incorporation and based on factors such as the Company's capital and financial structure, operating conditions, earnings, and the nature and cycle of the industry it belongs to. 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 surplus and may also be distributed in stock dividends. The distribution ratio of stock dividends shall not exceed 50% of the total dividends for the current year.

(2) The proposed distribution by the shareholders' meeting:
On February 20, 2025, the Board of Directors passed a resolution not to distribute cash dividends.

(3) Significant change in dividend policy expectations: None.

4. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: Not applicable.

5. Remuneration of employees, directors, and supervisors

(1) The ratio or scope of employee dividends and remuneration for directors and supervisors as stated in the Company's Articles of Incorporation.

If the Company makes a profit in the year, 5% to 15% should be appropriated as employee remuneration and no more than 5% as director remuneration. However, if the Company still has accumulated losses, it shall reserve a portion of its earning to offset the losses first.

The board shall make the distribution of remuneration to employees and directors with the attendance of more than two-thirds and a resolution approved by more than half of the directors present and reported to the shareholders' meeting. The board of directors distributes employee remuneration through stock or cash, and the distribution recipients may include employees of controlling or subordinate companies who meet certain conditions. The board of directors authorizes the qualifications and distribution methods for resolution.

(2) The basis for estimating the amount of employee, director, and supervisor profit-sharing compensation, for calculating the number of shares to be distributed as employee profit-sharing compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.:

A. In 2024, the Company did not distribute employee remuneration in stock.

B. The estimated amounts of employee remuneration and director remuneration payable by the Company in 2024 are NT$0, respectively. If the actual distribution amount changes, it will be handled according to the accounting estimate change, adjusted, and recorded in 2025.

(3) When the board of directors approves the remuneration distribution:

A. The amount of any employee profit-sharing compensation and director and supervisor profit-sharing compensation distributed in cash or stocks. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.:
The company did not distribute remuneration to employees and directors in 2024, and there was no difference from the estimated amount in 2024.

B. The amount of any employee profit-sharing compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee profit-sharing compensation.: Not applicable.

(4) The actual distribution of employee, director, and supervisor profit-sharing compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor profit-sharing compensation, additionally the discrepancy, cause, and how it is treated.:
According to the resolution of the Board of Directors, no employee compensation or director remuneration was allocated for the year ended December 31, 2023 (ROC Year 112), and there is no difference between the resolved amounts and the actual disbursements.

6. Company buybacks:

(1) Company buybacks that have completed: none.

(2) Company buyback in progress: none.

(II) Information on the Company's issuance of corporate bonds : none.

(III) Issuance of preferred stocks: none.

(IV) Issuance of depository receipts: none.

(V) Issuance of employee stock options: none.

(VI) Issuance of restricted stock awards: none.

(VII) Issuance of new stocks for merging or transferal of equities of other company: none.

(VIII) Implementation of fund application plans:

The description status of the Company’s capital utilization plan for private placement of common stock in 2024 is as follows:

1. Plan content

On May 30, 2024, the Company's shareholders' meeting resolved to conduct a private placement of common shares, authorizing the issuance of up to 10,000 thousand shares in one to three tranches within one year from the date of the shareholders' resolution.

Subsequently, on June 11, 2024, the Board of Directors approved the first tranche of the private placement, involving 5,000 thousand common shares with a par value of NT$10 per share, totaling NT$50,000 thousand. The issuance price was set at NT$104.4 per share, aiming to raise total funds of NT$522,000 thousand.

(1) Purpose of Funds: To strengthen working capital and meet the funding requirements for the Company's long-term development.

(2) Expected Benefits: To enhance the Company's competitiveness, improve operational efficiency, support long-term development, and increase overall shareholder equity.

(3) Capital Utilization Plan for the First Private Placement:

Project item	Estimated completion date	Total funds required (Thousands)	Estimated progress of funds utilization (Thousands)			
			2025			
			Q1	Q2	Q3	Q4
Enrichment of working capital	Third quarter of 2025	522,000	170,000	170,000	182,000	—

2. Implementation

Project item	Implementation of funds	As of the first quarter of 2025 (Thousands)	Progress Description

<table>
<tr><td rowspan="4">Enrichment of working capital</td><td rowspan="2">Cumulative amount spent</td><td>Scheduled</td><td>170,000</td><td rowspan="4">The funds are being utilized in accordance with the scheduled use of proceeds.</td></tr>
<tr><td>Actual</td><td>170,000</td></tr>
<tr><td rowspan="2">Cumulative progress</td><td>Scheduled</td><td>32.57%</td></tr>
<tr><td>Actual</td><td>32.57%</td></tr>
</table>

IV. Overview of Operations

(I) Description of business

1. Scope of business

(1) FOCI is engaged in the following services:
Design, manufacture, and sales of active and passive optical devices, such as optical fiber connectors, FC / SC / ST / LC / MU / SMA, hybrid fiber jumpers, beveled fiber jumpers, FA / MPO multi-core fiber jumpers, fiber stubs and pigtails, single/multi-mode optical splitters, high-isolation wavelength-division multiplexers, narrow-bandwidth wavelength-division multiplexers, single-mode wavelength-division multiplexers, pump wavelength-division multiplexers, optical communications monitoring modules, optical add/drop multiplexers, composite/membrane-type DWDMs, compact wavelength-division multiplexers, coupler-type wavelength-division multiplexers, optical circulators, polarized/polarization-independent fiber isolators, fiber collimators, fixed or adjustable optical attenuators, PLC splitters, optical transceiver modules, active optical cables (AOCs), SiPh package, and co-package optics.

(2) Major products and their percentage of sales

Unit: NT$ 1,000 ; %

Item \ Year		2024		2023	
		Amount	%	Amount	%
Sales revenue	Fiber patch cords	1,050,200	77	991,851	77.99
	Fiber couplers	68,819	5.05	70,291	5.53
	Fiber connectors	56,911	4.17	17,028	1.34
	Other passive optical fiber products	88,247	6.47	67,399	5.30
	Micro-optical fiber devices	44,434	3.26	72,058	5.67
	Others	44,736	3.28	42,590	3.35
	Rental receipt	10,530	0.77	10,528	0.83
	Total	1,363,877	100.00	1,271,745	100.00

(3) FOCI's current major new products and services:

Major products	Product specifications
Passive optical components	● Optical fiber connectors ● Full range of optical fiber jumpers ● Optical isolators and circulators ● Optical fiber array products ● Optical fiber couplers ● Multi-channel WDMs ● PLC splitters ● Integrated optical communications modules
Optical fiber modules and integrated system	● Integrated active and passive components and modules for optical fiber system ● Active optical cables (AOCs) ● Packaging and testing service ● Others

SiPh package	● Optical communications component integration and packaging ● Silicon optical component packaging ● Other precision component packaging

(4) New products (services) on design desk:

A. High-Density High-Precision Fiber Array Unit (FAU)

B. Optical Packaging (FAU Precision Packaging Technology for Photonic Integrated Circuits, PIC)

C. Intra-System FAU-to-Front Panel Fiber Jumper

2. Industry overview

(1) Current status and development of the industry

In response to the escalating demands of data transmission driven by the proliferation of internet applications, cloud computing, and data centers, as well as the exponential growth of generative artificial intelligence (AI) applications, the industry is experiencing a significant surge in data processing requirements. Large Language Models (LLMs) are propelling this rapid increase in data volume within data centers, necessitating enhanced transmission speeds and effective thermal management solutions.

Traditionally, data centers have relied on pluggable optical transceiver modules for data transmission. These modules interface with circuits composed of copper traces on printed circuit boards (PCBs), where electrical signals traverse these copper pathways. At the rear of server enclosures, optical transceiver modules are inserted to convert electrical signals into optical signals, which are then transmitted via optical waveguide materials such as fiber optics. However, this conventional setup presents challenges: the physical separation between pluggable optical transceivers and electronic components can lead to signal loss and latency, while the slower electron-based transmission and higher power consumption contribute to overheating issues. Despite their cost-effectiveness and ease of use, pluggable optical transceivers are increasingly unable to meet the escalating transmission speed requirements of AI-driven data centers.

To address these transmission bottlenecks, the industry is turning towards photonic transmission technologies. Silicon Photonics (SiPh) replaces traditional electrical signals with photons for data transmission, leveraging the higher speed and reduced heat generation of photons compared to electrons, thereby achieving superior transmission performance.Co-packaged optics (CPO) technology integrates photonic transmission components directly with electronic components through semiconductor processes, effectively reducing chip size and mitigating issues such as high energy consumption and transmission rate limitations inherent in traditional optical communication systems. This integration also lowers operational costs for data centers. However, CPO faces challenges related to the interdisciplinary integration of optical modules and semiconductor technologies, including structural design, circuit and optical path design, and fault analysis.

The advent of silicon photonics extends the trajectory of Moore's Law, which posits that the number of transistors on an integrated circuit doubles approximately every two years. Despite the increase in transistor count, electrical loss remains an issue. Silicon photonics enables high-bandwidth, high-performance data transmission without the need for further miniaturization of process nodes or an increase in transistor count. Within CPO configurations, silicon photonics functions as the input/output interface, facilitating external communications and optical data transmission between chips. In AI applications demanding high computational power, multiple CPUs and GPUs operate in parallel to process data. The speed of data transmission between these processors is critical, as is addressing the thermal challenges associated with high-speed transmission. Optical communication offers the advantages of low power consumption and high transmission speeds. Consequently, CPUs and GPUs integrated with CPO modules, which combine Photonic Integrated Circuits (PICs), Electronic Integrated Circuits (EICs), and memory, utilize optical communication for inter-module data transmission, effectively overcoming data transmission bottlenecks in large-scale AI computations.

As AI applications rapidly proliferate and the demand for large data models grows, optical communication technology is entering a new phase of development. CPO and silicon photonics not only address issues of transmission efficiency and power consumption but also drive the global upgrade of data center architectures, signaling 2025 as a pivotal year for advancements in optical communication technologies. The application of CPO is set to synergize with AI development and, in the long term, may extend to other domains. Silicon photonics holds potential applications across hyperscale data centers, high-performance computing (HPC), artificial intelligence and machine learning (AI and ML), optical radar (LiDAR), biomedical sensing, and quantum mechanics.

(2) Correlation between up, mid, and downstream of the industry

The Company is a professional R & D, manufacturing, and sales firm of fiber optic communication components, and it cooperates with upstream and downstream companies. From a market perspective, a certain degree of strategic cooperation exists among most of the upstream materials, midstream components, and downstream equipment, modules, and even subsystems and systems, etc. As only a few companies in Taiwan have vertically integrated technologies and possess mature technological capabilities, it will be a major trend in the optical communications industry for up-, mid-, and down-stream customers to strengthen their technological and market capabilities through integration.

(3) Product development trends

Co-packaged optics (CPO) technology must overcome challenges associated with adopting semiconductor manufacturing processes. The design of Photonic Integrated Circuits (PICs) needs to achieve high performance and enhanced temperature tolerance. The designs of Electronic Integrated Circuits (EICs) and PICs can mutually affect signal transmission; therefore, a holistic consideration of the entire chip's operation is necessary. Application-Specific Integrated Circuits (ASICs) generate significant heat during operation, and lasers are sensitive to temperature variations. Additionally, coupling optical fibers with PICs faces alignment challenges due to the small size of single-mode waveguides in silicon photonics, making it difficult to align fibers with the integrated circuits. If a CPO chip overheats, the substrate may deform due to thermal stress, further impacting the coupling between the optical fiber and the PIC. Regarding signal transmission, the optical and electrical transmission channels within a CPO chip can interfere with each other, necessitating the co-design of optical and electrical pathways to mitigate these issues.

As CPO technology is newly introduced to the market, production costs remain relatively high. However, with the surge in demand for high-speed transmission, CPO technology is expected to become indispensable, with products anticipated to enter the market after 2025. The rapid advancement of artificial intelligence (AI) will accelerate the adoption of CPO applications. Overall, CPO assists in addressing the insufficiency of data transmission speeds during large-scale AI model training. Photonic transmission surpasses the bandwidth limitations of copper wiring and reduces transmission power consumption. Furthermore, by integrating electronics and photonics through CPO, the upper limits of data transmission speeds can be overcome. Once CPO overcomes challenges related to structure and optical/electrical design, mass production is expected to reduce costs and herald a new era in data transmission. In response to the wave of AI applications, FOCI is actively entering the CPO field, which will become another growth driver for domestic optical communication module providers.

(4) Product competition

At present, the Company's main products are fiber optic communication components and modules. Optical connection technology is one of the Company's core competencies, and we focus our research and development on high-speed transmission interfaces-related product and production technologies. Currently, the Company's main products are divided into six categories: optical connector components, optical coupling components and planar lightwave circuit (PLC) components, wavelength multiplexing components, micro-optical components, optical transceiver modules and active optical fiber (AOC), and optical sub-modules and customized components. The Company will further advance the development of optical connection components for silicon photonics chip packaging and CPO and LPO packaging technologies, and move toward the development of forward-looking technologies for integrated optical component packaging and connection.

The Company has been keeping pace with the market in terms of applications, and MPO/ LC/ WDM applications are FOCI's main products. With the increasing importance of long-haul applications, Panda/Polarization Maintaining Fiber (PM fiber) applied at the laser end is also one of our competitive advantages in the market. From single-core to multi-core applications, these are mature products. In addition to the original optical modules, PM Fiber Array technology has been introduced into the whole system for OBO and CPO applications. It integrates the original multi-mode/single-mode optical fiber with Panda/Polarization Maintaining Fiber, which can be used in the future optomechatronic system. In the application of Co-Packaged Optics (CPO), FOCI has mastered the relevant core technologies, including the manufacturing of high-density, high-precision fiber arrays, as well as the precise alignment and packaging technologies for Fiber Array Units (FAUs).

3. Technology and R&D overview

(1) Technology level and research and development of business operations

The Company began to set up an R&D unit when it was first founded, and focused on the research and development of fiber optic components. With the development of new products and new technologies, the R & D unit has also been expanded. Currently, the R&D department can be divided into the Automation Technology Development Department, the Smart Manufacturing R&D Department, and the Silicon Photonics Packaging Department, which are responsible for researching and developing various products and technologies, providing key process design and development, and main structure planning and design, as well as the development of production line jigs, providing products and services that meet market demand. The items handled by each R&D department are described as follows：

Department	Team	Major Works
R&D Engineering Center	AUTOMATIC PROCESS DEVELOPMENT DIVISION	(1)Key manufacturing process design and development. (2)Feasibility assessment of DFM, EVT, DVT and PVT. (3)Main structure planning and design. (4)Development of production line jig. (5)Optimization of production jig.

	INTELLIGENT PRODUCTION ENGINEERING DIVISION	(1) Research and develop various products. (2) The output and management of document records such as design and development planning, manufacturing process development, design technical data, test reports, etc. (3) Assist in improving product manufacturing processes. (4) Execute initial sample and trial production testing of special product orders or contracts.
	SI PHOTONICS PACKAGE DEVELOPMENT DIVISION	(1) Develops SiPh component packages and products, and CPO products; (2) Production and management of design development projects, process development, design technical data, test reports, and other documents and records; (3) Assistance in improving product manufacturing processes; (4) Pilot production tests for special product orders or contracts.

(2) R&D expenses in the most recent two years

Unit: NT$ 1,000 / %

Item \ Year	2024	2023
R&D expenses (A)	146,640	109,775
Net operating revenue (B)	1,363,877	1,271,745
% in net operating revenue, (A)/(B)	10.75	8.63

(3) Technologies or products developed successfully in the most recent 5 years

2020	Automatic mounter: automatic attachment of polarizer at the end face of optical fiber.
2021	Optical devices used in SiPh “Co-Packaged Optics (CPO)”
2022	Active optical cable (USB4) for cloud computation and consumer electronics
2023	Reflowable Lensed Fiber Array Connector ReLFACon™ Optical fiber cable automated assembly and testing system
2024	Multi-dimensional Lens-type Fiber Array Co-Packaged Component Technology Two-dimensional Arrayed Waveguide Manufacturing Technology Side Micro-lens Co-packaged Waveguide Technology

4. Long and short-term business development plans

(1) Short-term business development plan

A. Product strategy

In response to the advent of the high-speed transmission AI era, FOCI will strengthen its manpower and technology marketing in the data center and consumer electronics markets, in addition to its original mainstay business of optical passive components. The Company will continue to refine its product specifications, strictly strengthen quality control, and continue to develop products that meet the needs of the market to ensure that the Company’s market share will continue to increase.

At present, in addition to the components used by telecommunication carriers and system integrators in their construction or systems, the Company will actively participate in joint development with system customers in the design stage to develop products that meet customer use and operational needs. In addition, FOCI's

Silicon Photonics Packaging Business Division has been cooperating with major international companies in product and process development, and is striving for more end-customer business opportunities through mutual cooperation with upstream and downstream companies.

B. Production strategy

a. Enhance cost control, actively look for suppliers that can cooperate with the Company strategically over a long period of time, and at the same time improve the production efficiency of the products, strengthen the education and training of the production personnel, and carry out the quality policy.

b. Comprehensively strengthen production management and improve product gross profit margins.

c. Establish a good interaction mode with subcontractors, in the spirit of mutual benefit, to obtain sufficient capacity and quality control, and to maintain the products' competitive advantage in the market.

d. Expand automated production lines to capitalize on quality advantages and meet the growth needs of international companies.

e. Continue to move toward production efficiency and yield enhancement, and toward Lean Manufacturing.

C. Marketing strategy

a. Implement customer segmentation, strengthen quality customer services, build market reputation, and expand the global market for high value-added components.

b. Improve the design service function and encourage a real-time delivery policy to meet customers' product development and mass production needs.

c. Maintain a good interactive relationship with customers and take the initiative to understand their needs in depth to achieve customer satisfaction. In addition, based on the existing business, with the development of new products, actively cultivate existing customers and develop new customers, expanding market share.

D. Financial co-ordination

Based on the principle of prudent operation, the Company currently uses its own funds and earnings generated from operations as its main working capital, supplemented by bank financing. For the future growth plans, the Company conducted a cash capital increase by issuing 10,000 thousand new shares in 2023, and issued 5,000 thousand new common shares through a private placement in 2024.

(2) Long-term business development plans

A. Product strategy and goals

a. Keep promoting green products, green packaging, and low-carbon products.

b. Expand the ability to accept orders for customized product design.

c. Continue to invest in high-speed optical module packaging products.

d.Collaborate with customers to develop new products in response to technological developments

B. Production strategy

a. Keep improving manufacturing processes to match environmental protection trends and green product development, as to promote low-carbon processes.

b. Establish a flexible production mechanism to respond to rapid changes in the market, improve production efficiency and yield rate, and meet the simultaneous requirements of fast production and high quality.

c. Optimize production process manpower in response to rising labor costs, develop production aids and automation equipment in order to increase production efficiency, improve quality and reduce costs all at the same time.

d. Implement total quality management to maintain the best internal operation process at any time.

C. Marketing strategy

The main marketing strategies described below will be followed to continuously improve FOCI's sales performance, expand the market share of FOCI's products, and increase our values in the global industrial chain:

a. Provide the best available quality service to customers throughout the whole process.

b. Demonstrate our current core technical strength, as well as our determination and actions for continuous technology improvement.

c. Keep working with major international communication companies for the research and development of new products/niche markets, and establish mutual partnerships, making FOCI one of the suppliers of mainstream products in the industry.

d. Develop self-owned brands in appropriate regional markets in response to different products and market segments, while establish marketing channels and long-term complete sales network, allowing for synergy among the channels of different product lines.

e. Look for cooperation opportunities from major international manufacturers with the strength established by, for example, Telcordia GR series certification and quality system.

D. financial strategy

a. Leverage financially on short-, medium- and long-term bank financing.

b.Secure funds at a lower cost from financial market to facilitate the implementation of various expansion plans based on FOCI’s future development and business needs.

E. R&D strategy

a. Continue the technical development of future products, make core technologies stronger, and establish competitive advantages.

b. Pursue product quality design, use research and development to solve the quality needs of mass production, and develop products for future market.

c. Improve R&D process and effectiveness to meet the needs of market growth.

FOCI has established various product and R&D technical capabilities as mentioned above, including production and manufacturing of passive components and fiber arrays, the packaging and testing of active optical engines, and the final assembly and testing of high-speed AOC/optical modules, etc. This allows FOCI to provide customers with top-to-bottom vertical integration services, greatly reducing the complexity of product resource integration for customers, improving development efficiency, and increasing the market competitiveness of customer products effectively.

(II) Summary of market and production/sales

1. Market analysis

(1) Regions where FOCI's products/services are sold / provided

Unit: NT$ 1,000

Region \ Year		2024		2023	
		Sales	%	Sales	%
Domestic sales		165,891	12.16%	187,726	14.76%
Exporting	China	41,788	3.06%	66,918	5.26%
	America	1,060,644	77.77%	852,685	67.05%
	Others	95,554	7.01%	164,416	12.93%
Total		1,363,877	100.00%	1,271,745	100.00%

(2) Market share

FOCI is mainly engaged in R&D, production, and sales of optical fiber communication components. There is a wide variety of products and each of them has its own unique purpose. Therefore, it is difficult to evaluate individual market conditions, and there is a lack of fair and objective statistical data to analyze market share, not to mention the difficulty to access relevant statistical information and research reports. At present, FOCI's customers are well-reputed manufacturers in Taiwan and around the world, indicating that FOCI's products have its place in the market.

(3) Future supply/demand situation and growth of the market

With the evolution of the market, the current development of optical communication applications, has been from the plug-in optical module (Pluggable Transceiver) slowly into the system side, evolving towards the development of co-packaged optics (CPO) components. The advantages of combining photonics devices and electronic switches into a package to reduce power consumption, improve thermal efficiency, and reduce the size will be the latest technology and hot topics in the next few years.

According to LightCounting's estimates, the compound annual growth rate of optical communications industry's sales from 2022 to 2027 is 11%. For the data center, Yole estimates that data center sales will be US$15.1 billion in 2026 and will grow to US$22.3 billion in 2032. Among them, CPO will show significant growth after 2026. According to Lightcounting's research, CPO packaged switches will grow at an average rate of 19% from 2022 to 2027, and the CPO market is estimated to grow to approximately $300 million in 2026.

Also, advent of the digital age keeps the topic of HD A/V burning hot. In the past, AOCs were seen only in specific commercial purposes of A/V applications, such as advertisements or rebroadcast billboards. Recently, 4K and 8K TVs have gradually become mainstream, which opens a new gateway for optical parts and components, as the resolution of 8K/4K TV is 4 times higher than that of 4K2K TV, suggesting the transmission requirements have been greatly increased. With the help of the metaverse, augmented reality (AR) and virtual reality (VR) are becoming more and more popular, and that means AOCs become a must-have.

Studies have shown that the traffic of global network data centers has maintained its rapid growth in the past decade. In particular, the data center traffic increased exponentially in terms of social media and applications (apps), media video streaming, and metaverse applications. It has led to the expansion of large-capacity data centers, and will also drive the demands for optical communication components simultaneously.

(4) Competitive niche and development vision: Favorable and unfavorable factors of the vision and countermeasures.

A. High-reliability and high-quality product capability

Data corruption or loss can be a huge problem in data transmission for the communication industry. One of the most important thing is stable quality and product compatibility. Therefore, the stable quality of optical communication equipment and components is particularly important. In particular, the bandwidth of optical fiber communication is extremely large, and the quality stability of optical communication passive components is also one of the important keys to optical fiber communication systems, especially in North America and Europe, where there are rigorous requirements for high quality and the construction of high-speed 5G systems. In order to successfully segment the market and avoid the vicious circle of low-price competition, FOCI will continue to improve mass production capacity of the Taiwan facility and obtain the TL-9000 professional system certification to further improve the quality of the company's series of optical fiber communication passive components for better product competitiveness. In addition, FOCI has certain products that were certified for GR-326 certification of Telcodia, a professional telecommunications service technology company in the United States, and becomes one of the handful qualified suppliers of optical fiber communication passive components required by North American telecommunications operator Verizon (a telecommunications company listed on NYSE) for communication equipment. Our product quality is recognized by international customers.

B. Professional technical team

FOCI is engaged in a technology-intensive industry. The employment and cultivation of technical talents is one of the key factors to maintain its competitiveness. Having competent professionals helps with the appropriate use of technologies. FOCI's important management team and key technical team have nearly 20 years of professional experience. FOCI spares no effort in protecting patent rights. Some of the technologies developed have been patented. On the other hand, we continue to carry out a number of industry-university cooperation projects and provide a good working environment and welfare system to keep excellent talents. We devote themselves to the training of industrial professionals to improve FOCI's competitiveness.

C. Production combination and process flexibility that match customers' needs significantly

Optical fiber communication components feature significant customization. Sometimes, there are needs for small quantities but large variety of products to meet and other times, there orders of large difference in quality and very urgent delivery deadline to fill. Therefore, FOCI has developed good flexibility in production line scheduling and can be very responsive in terms of process time. Combined with process integration and development advantages, it helps FOCI meet customers' customization needs. FOCI always has two or more suppliers of important raw materials and we have been working very well. For products of high production capacity demands, such as optical fiber jumpers, FOCI has a strategic outsourcing plan which provides material sources and production capacity of stable quality in a timely manner, enough to meet the urgent needs of small quantity but wide variety of products.

D. Grasp marketing channels and key customers

FOCI has business interaction with major telecommunication service providers in Taiwan, with most of the products exported. Therefore, expanding global marketing capabilities and marketing network is helpful to strengthen the market position, product value and improve the competitiveness.

(5) Favorable and unfavorable factors for development visions and response strategies

Thanks to the continuous establishment of cloud data centers, the rise of emerging technologies such as the Internet of Things, 5G, AI, and Metaverse, and the booming investments in fiber optic network infrastructures in the US, there is still a huge demand for infrastructure appetite. A quick S (Strengths), W (Weaknesses), O (Opportunities), T (Threats) analysis provides a glance of what lies in front of FOCI:

- Strengths
  - GR-326 Certified Products and Production Lines with strong strategic customer relationships
  - Proprietary silicon photonics packaging technologies and patents establishing industry leadership
  - Tier-leading FA production yield, rich experience in mass production
  - Team of R&D experts in active components in favor of customer development and product integration
  - Customer service into the heart of customers for better customer satisfaction
  - Technical capability of active optical cable (AOC) development and mass production
  - ReLFACon™ FAU advancing to product validation stage
- Weaknesses
  - The domestic market is facing a talent shortage, compounded by intense competition for high-salary professionals in the semiconductor industry, making talent acquisition and retention increasingly challenging
  - High wages for manpower in Taiwan, not in favor of profits
  - Aging plant infrastructure and facility systems are becoming constraints on the production of advanced semiconductor packaging equipment
- Opportunities
  - Growth expected in SiPh package, which will drive the growth of component market and fiber optic networks
  - The rapid advancement of AI is fueling a new wave of computing and communications transformation
  - Rapid establishment of global data centers and the needs for high-speed broadband communications products
- Threatens
  - Production conditions continue to deteriorate in China, not in favor of production coordination and cost control
  - Ongoing mergers and acquisitions along the industrial chain, not in favor of customer planning

- ■ Trade conflicts due to heated geopolitics, not in favor of technical industry

With FOCI's SWOT analyzed, FOCI comes up with the following strategies to deal with market competition:

A. Improve the capability of Taiwan HQs to design, develop, and produce SiPh package products

The Taiwan headquarters serves as the core hub for the Company's operations and strategic development. We are continuously enhancing our product and technology development capabilities, and will further expand production lines, optimize plant layout, and invest in manufacturing and R&D equipment to support the Company's growth trajectory in 2025. This includes the establishment of mass production lines for silicon photonics packaging, fiber array units (FAU), and automated component manufacturing.

B. Evaluate backup plans in response to the changes of production environment in China

Facing the transfer of production and supply chain caused by geopolitics, we are considering the investment evaluation of third-place manufacturing according to customer needs, and start preparing and deployment early to cope with possible future risks.

C. Secure steady stream of orders by working with major international players for long-term partnership

FOCI will continue to develop international customers and conduct business and technical exchanges based on OEM and ODM business, in addition to maintaining a good strategic relationship with international customers. We are also constantly improving our own capabilities, including professional certification of products and production lines, and even participate in customer s' R&D efforts in high-standard products, jointly develop new products, so as to stabilize production resources, and meet the goal of maximizing production efficiency.

D. Keep investing in the development of automated equipment, minimizing the dependence on manpower

The cost for production manpower is high in Taiwan, and it is somewhat difficult to recruit workers. We will continue to invest in the development of automated equipment to reduce the dependence on skilled workers. Through the redesign of manufacturing process, we will reduce the obstacles of customization requirements by automating some of the bottleneck workstations. A well-coordinated combination of automation and manual labor will be adopted for a flexible production combination plan, and to strike a balance between standardization and customization.

2. Important use and production process for the major products

(1) Important application of major products

Major product	Application
Passive optical components	Use in signal transmission lines in optical communications systems, instruments, or equipment for connection, light splitting, wavelength division/mixing, and signal attenuation.
Precision packaging products	Packaging of optical communications chips, integrated optical components, optical microelectronics, and automotive electronics chips

Others	Modular products used in broadband communications systems for signal transmission, receiving and monitoring

(2) Production process of major products

FOCI's major products include passive optical components and integrated optical fiber transmission modules made to specifications. There are five types of passive optical components are according to manufacturing processes. The following is a flowchart of the product manufacturing process:

SiPh package

Component loading	Optical coupling	Measurement	Packaging	Packing and storage

Optical fiber connection components

Parts inspection	Assembly	Milling	Testing	Packing and storage

Optical fiber sintering components

Fiber wiring	Sintering	Substrate mounting and packaging	Reflow and testing	Packaging	Packing and storage

Optical micro-components

Crystal cleaning	Focusing	Assembly	Reflow and testing	Packaging	Packing and storage

Optical fiber transmission modules

Integrated photoelectronic design	Assembly	Function and specification tests	Reliability test	Packing and storage

3. Supply status of the major raw materials

Main purchases	Main suppliers	Supply status
Passive optical elements	US Conec, Sanwa, Senko, Ningbo Doppler	Good and steady
Optical fibers and cables	Corning, TMC, Yangtze Optical Fiber, OFS, Youngan Optics, LLC, Baylite	Good and steady
Optical elements	HOYA, GRANOPT, Corning, Apogee	Good and steady
Active optical products and elements	II-VI, Broadcom, Macom	Good and steady
Others (automotive metal parts, spring plates, ceramic sleeves)	Chaozhou Three-Circle, Senko, Hon Hai Precision	Good and steady
SiPh component	Himax, Senko	Good and steady

4. Description of major gross profit margin changes by each department classification or major product classification for the most recent 2 years

(1) Significant changes in the gross profit margin of major products or departments in the last two years:

Unit: NT$1,000

Item	2024		2023		2023 to 2024
	Operating profit	Gross profit margin	Operating profit	Gross profit margin	Change of gross rate (%)
Fiber optic passive components	170,307	12.58%	169,412	13.43%	(6.33)
Lease income	8,849	84.04%	8,405	79.83%	5.27
Total operating gross profit	179,156	13.14%	177,817	13.98%	(6.05)

Explanation of the change in gross profit rate of more than 20% from the previous year: none.

(2) List of main purchasing and selling customers:

a. The name of the supplier whose purchase amount and ratio accounted for more than 10% of the total purchase amount in any of the recent two years and the reason for its increase or decrease:

Unit: NT$1,000

Item	2024				2023			
	Name	Amount	Ratio of net purchases in the whole year (%)	Relationship with Issuer	Name	Amount	Ratio of net purchases in the whole year (%)	Relationship with Issuer
1	Company S	217,410	30.32	None	Company S	163,906	28.75	None

Item	2024				2023			
	Name	Amount	Ratio of net purchases in the whole year (%)	Relationship with Issuer	Name	Amount	Ratio of net purchases in the whole year (%)	Relationship with Issuer
2	Company T	81,920	11.43	None	Company T	84,151	14.76	None
—	Other	417,674	58.25	-	Other	322,008	56.49	-
—	Net Purchase	717,004	100	-	Net Purchase	570,065	100	-

Explanation of increase or decrease: the adjustment of the purchase amount to meet the customer's order needs.

b. The name of the customer who accounted for more than 10% of the total sales in any of the recent two years, the sales amount and ratio, and the reason for the increase or decrease:

Unit: NT$1,000

Item	2024				2023			
	Name	Amount	Ratio of net sales in the whole year(%)	Relationship with Issuer	Name	Amount	Ratio of net sales in the whole year(%)	Relationship with Issuer
1	Company C	975,971	71.56	None	Company C	757,372	59.55	None
2	Company C1	33,394	2.45	None	Company F	72,333	5.69	None
3	Company F	24,272	1.78	None	Company J	36,523	2.87	None
4	Company P	23,981	1.76	None	Company G	33,594	2.64	None
—	Other	306,259	22.45	-	Other	371,923	29.25	-
—	Net Sales	1,363,877	100.00	-	Net Sales	1,271,745	100.00	-

Explanation of increase or decrease: The main products of the Company are optical fiber communication passive components, and the main sales targets in the latest year are domestic and foreign optical fiber communication module manufacturers, optical fiber communication equipment manufacturers, distributors, etc. The change in sales amount is mainly due to changes in meeting customers' business needs.

(III) The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels (including the percentage of employees at each level)

25 Mar 2025; Unit: no. of persons/years of age/%

Year		2023	2024	25 Mar 2025
No. of employees	Managers	18	27	27
	Engineers	100	113	106
	Management workers	123	141	146
	Production line workers	238	367	584
	Total	479	648	863
Ave. age		35.83	34.43	29.95
Ave. years of service		5.93	5.18	3.65
Education distribution %	PhD	0.63%	0.31%	0.23%
	Master’s degree	10.02%	10.19%	6.60%
	College	36.95%	28.70%	23.61%
	Senior high school	18.58%	18.98%	31.98%
	Below senior high school	33.82%	41.82%	37.57%

(IV) Disbursements for environmental protection

1. According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made:
   FOCI has no major pollution source in the production process, but special environmental protection personnel are appointed to avoid changes in laws and regulations and constantly check for latest regulation updates to determine whether it affects the company's operations. The company is not required to obtain pollution-related installation, operation and emission permits according to law but fails to obtain them.

2. The company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced: none

3. Describe the process undertaken by the company on environmental pollution improvement for the most recent 2 fiscal years and up to the prospectus publication date; if there had been any pollution dispute, its handling process shall also be described: none

4. Describe any losses suffered by the company in the most recent 2 fiscal years and up to the prospectus publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental protection inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken; if a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: none

5. Explain the current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the company, as well as the

projected major environment-related capital expenses to be made for the coming 2 fiscal years: none

(V) Labor relations

1. Describe all employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees.

(1) Employee welfare measures

FOCI provides group insurance and health checks for employees in addition to the requirements of the Labor Standards Act and applicable regulations. An employee welfare committee is established for employees' welfare. Subsidies are provided for marriage, funeral, hospitalization and maternity, and so are welfare activities, such as domestic and foreign travels, to take care of employees' lives. In addition, FOCI has entered into partnerships with medical institutions to deliver on-site health services, whereby occupational physicians and nurses offer health consultations and implement health promotion initiatives for employees.

(2) Continuing education and training

FOCI organizes internal management and professional training courses from time to time, and sends workers for programs and training provided by external organizations as needed to enhance the professional ability and core competitiveness of employees and strengthen the complete training and further education channels for employees.

Continuing education and training of employees in 2024

Item	Total no. of persons	Total hours	Total expenses (NT$)
On-the-job professional training	712	1,507	187,752
New recruit training	757	1,021	56,250
Fire training	442	664	32,580
Occupational health and safety training	218	504	6,660
Other on-the-job training	996	701	9,000
Total	3,125	4,397	292,242

(3) Pension system and its implementation

FOCI reached an agreement with employees on old pension system to settle the old system seniority according to the Labor Standards Act and the Labor Pension Act in 2021. On September 8, 2021, the approval letter was acquired from Department of Trusts, Bank of Taiwan.

All FOCI employees have chosen the new labor pension system since it became effective on July 1, 2005. According to the Labor Pension Act, FOCI allocates no less than 6% of the employee's monthly wages to the labor pension account every month, and employee retirement is processed also according to the Labor Pension Act.

(4) Labor agreement and measures taken for employees' benefits

Humanized management is practiced in FOCI. Labor issues are dealt with through multiple communication channels. FOCI is always willing to pay attention to employees' welfare and engage in two-way communications with employees. It is safe to say that FOCI has a very harmonious relation with employees, and no major labor disputes have occurred. FOCI will continue the efforts in welfare measures and hold regular labor-management administration meetings to make labor-management relations more harmonious and eliminate the possibility of labor disputes.

(5) Work environment and safety protection for employees

FOCI adheres to the concept of sustainable operation and pays attention to corporate social responsibility. The management system and system for the protection of the environment and the personal safety of employees include:

A. Follow applicable laws and customer requirements, and review management measures regularly;
B. Set up pollution prevention equipment and measures as legally required;
C. Follow the ROHs specification, practice environmental protection controls, and ensure that the raw materials provided by suppliers meet applicable regulations;
D. Put meticulous work environment monitoring in practice;
E. Establish an occupational safety office and assign workers in charge of occupational safety;
F. Regular maintenance of fire safety equipment.
G. Conduct regular health checkups for employees.

2. Describe any losses suffered by the company in the most recent 2 fiscal years and up to the prospectus publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: none.

(VI) Cyber security management

1. Describe the information security risk management framework, information security policy, specific management plan, resources invested in information security management, etc.：

(1) Information security risk management framework

The Company’s Information Security Committee was established on August 6, 2021, with the Chief Information Officer, the top supervisor of the Information Department, as the convener. The Information Security Committee is responsible for reviewing the “Regulations on Information Security Management” and planning, supervising and promoting the implementation of the information security management system. The related matters include: works related to information identification, detection, response, protection, recovery, and management, in order to enhance the information security protection capability. It formulates and regularly reviews information security policies, including information security incident notification and response mechanisms, and regularly advocates them to employees, promoting the efficiency and quality of the information business and maximizing the effectiveness of prevention and correction.

(2) Information security policy

It is to protect information assets from all kinds of improper use, leakage, tampering, theft, destruction, and other accidental threats, and to reduce the degree of damage that may affect and jeopardize the Company's business operation. In addition, the Company makes reference to the government regulations to formulate the Regulations on Business Secrets Management, Regulations on Personal Information

Management, etc. It will collect and analyze the latest information security related regulations to formulate or amend the related regulations constantly.

(3) Specific information security management plan, resources invested in information security management:

A. Strengthen internal system security and enhance information remote application management, data backup and offline backup.
B. Upgrade and replace old systems to enhance security levels and protect against ransomware threats and shut down unnecessary services.
C. Regularly conduct information security courses for all employees to enhance their awareness of information security and promote information security standards.
D. Sign a contract with Chunghwa Telecom to protect the enterprise from external hackers.
E. Outsource the Company's network information security inspection to an information service provider to quickly improve possible information security risks.
F. New employees will receive information security education and training on the first day they report to work to help them understand relevant information security regulations. Information security control and major information security incidents will be regularly announced for awareness promotion.
G. Participate in the government-sponsored science park ISAC and TW-ISAC information security mutual aid groups.
H. The information security unit conducts phishing tests from time to time to collect those phished colleagues for re-education on information security awareness.
I. The information security unit actively invests in related resources and facilities, such as the re-planning of firewalls, the investment in EDR and MDR, the strengthening and improvement of the information security environment, and the construction of file encryption systems.
J. Regularly attend various information security related or hacker attack and defense technical courses to train security skills.

Through the above information security planning and construction, we will continue to improve the security protection of FOCI's information and communications to strengthen the security of the enterprise's digital assets and establish a trustworthy digital environment for the sustainable operation of the enterprise.

2. List any losses suffered by the company in the most recent 2 fiscal years and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: none

(VII) Important contracts

Contract for	Signed with	Valid from and to	Description	Limitation
Property lease	Hsinchu Science Park Administration	2026.3.15 ~ 2036.3.14	1. A piece of government-owned property is leased to FOCI. 2. Monthly rent is paid. FOCI agrees to rent adjustment if the government decides to adjust property price during the lease. However, no additional payment will be collected or returned for the payments that have been made.	None

V. Review and Analysis of Financial Status and Performance and Risk Matters

(I) Financial status

1. Comparative analysis of consolidated financial status

Unit: NT$1,000; %

Item \ Year	2024	2023	Difference	
			Amount	%
Current assets	2,141,288	1,665,886	475,402	28.54
Property, plant, and equipment	485,106	355,893	129,213	36.31
Other assets	340,834	397,322	(56,488)	(14.22)
Total assets	2,967,228	2,419,101	548,127	22.66
Current liabilities	347,215	193,125	154,090	79.79
Non-current liabilities	89,377	87,727	1,650	1.88
Total liabilities	436,592	280,852	155,740	55.45
Share capital	1,036,406	986,406	50,000	5.07
Capital surplus	1,439,857	1,017,177	422,680	41.55
Retained earnings	276,086	357,528	(81,442)	(22.78)
Total equity	2,530,636	2,138,249	392,387	18.35

Note:
1.The increase in current assets was primarily attributable to a rise in cash and cash equivalents.
2.The increase in property, plant, and equipment was mainly due to higher capital expenditures.
3.The total assets increased primarily as a result of the growth in current assets and property, plant, and equipment.
4.The increase in current liabilities was mainly attributable to higher accounts payable for material purchases and accrued payables for capital expenditures.
5.The total liabilities increased primarily due to the rise in current liabilities.
6.The increase in capital surplus was primarily attributable to the premium on shares issued through a cash capital increase.
7.The decrease in retained earnings was primarily due to a decline in net income for the period.

2. Comparative analysis of non-consolidated financial status

Unit: NT$1,000; %

Item \ Year	2024	2023	Difference	
			Amount	%
Current assets	1,889,581	1,495,524	394,057	26.35
Property, plant, and equipment	435,866	311,677	124,189	39.85
Other assets	631,074	779,170	(148,096)	(19.01)
Total assets	2,956,521	2,586,371	370,150	14.31
Current liabilities	347,941	369,127	(21,186)	(5.74)
Non-current liabilities	77,944	78,995	(1,051)	(1.33)
Total liabilities	425,885	448,122	(22,237)	(4.96)
Share capital	1,036,406	986,406	50,000	5.07
Capital surplus	1,439,857	1,017,177	422,680	41.55

Retained earnings	276,086	357,528	(81,442)	(22.78)
Total equity	2,530,636	2,138,249	392,387	18.35

Note:
1.The increase in current assets was primarily due to an increase in cash.
2.The increase in property, plant, and equipment was mainly attributable to increased capital expenditures.
3.The increase in capital surplus was primarily attributable to the premium on shares issued through a cash capital increase.
4.The decrease in retained earnings was primarily due to a decline in net income for the period.

(II) Financial performance

1. Analysis of operating results for the most recent Two Fiscal Years (Consolidated)

Unit: NT$1,000; %

Item / Year	2024	2023	Increase (decrease) amount	Change ratio (%)
Sales revenues	1,363,877	1,271,745	92,132	7.24
Operating costs	1,184,721	1,093,928	90,793	8.30
Operating margin	179,156	177,817	1,339	0.75
Operating expenses	272,532	236,063	36,469	15.45
Operating loss	(93,376)	(58,246)	(35,130)	60.31
Non-operating income and expenses	36,844	63,948	(27,104)	(42.38)
Profit(loss)before tax	(56,532)	5,702	(62,234)	(1,091.44)
Income tax expense(benefit)	8,260	(6,356)	1,904	29.96
Net /Profit(loss)	(48,272)	12,058	(60,330)	(500.33)

Analysis of increase and decrease changes:
1.The increase in operating loss was primarily due to higher operating expenses.
2.The decrease in non-operating income and expenses was mainly attributable to a reduction in other gains and losses.
3.The decrease in profit before tax was primarily due to the increase in operating loss and the decline in non-operating income and expenses.
4.The increase in income tax benefits was mainly attributable to the decrease in profit before tax.
5.The decrease in net income was due to the decline in profit before tax.

2. Analysis of operating results for the most recent two fiscal years (Standalone)

Unit: NT$1,000; %

Item \ Year	2024	2023	Increase (decrease) amount	Change ratio (%)
Sales revenues	1,314,337	1,218,658	95,679	7.85
Operating costs	1,190,316	1,086,593	103,723	9.55
Realized/Unrealized Profit(loss) from sales	(1,178)	6	(1,172)	(19,533.33)
Operating margin	125,199	132,059	(6,860)	(5.19)
Operating expenses	244,079	202,170	41,909	20.73
Operating loss	(118,880)	(70,111)	(48,769)	69.56
Non-operating income and expenses	50,737	67,943	(17,206)	(25.32)
Profit (loss) before tax	(68,143)	(2,168)	(65,975)	3,043.13
Income tax expense (benefit)	(19,871)	(14,226)	(5,645)	39.68
Net profit(loss)	(48,272)	12,058	(60,330)	(500.33)

Analysis of increase and decrease changes:
1.The increase in Realized /unrealized profit(loss)was primarily due to intercompany sales between the parent and subsidiaries.
2.The increase in operating expenses was mainly attributable to higher R&D expenditures.
3.The decrease in operating income was mainly due to the increase in operating expenses.
4.The decrease in non-operating income and expenses was mainly attributable to a reduction in other gains and losses.
5.The decrease in profit before tax was mainly due to the decline in both operating profit and non-operating income and expenses.
6.The decrease in income tax expense was mainly attributable to the decline in profit before tax.
7.The decrease in net profit was mainly due to the reduction in profit before tax.

3. The expected sales volume and its basis, the possible impact on the Company's future financial business, and the response plan:

The sales quantity is based on the market demand and development trend, the customer's estimated order quantity for the next year, and the Company's production capacity.

(III) Cash flows

1. Analysis of cash flow changes in the most recent year

Unit: %

Item \ Year	2024	2023	Increase (decrease) Ratio (%)
Cash Flow Ratio (%)	20.08	99.73	(79.87)%
Cash flow adequacy ratio (%)	82.82	104.1	(20.44)%
Cash reinvestment ratio (%)	0.74	6.29	(88.23)%
Description of the change analysis of the ratio of increase and decrease:			

1. The decrease in the cash flow ratio and cash reinvestment ratio was primarily attributable to a reduction in net cash inflows from operating activities.

Note:
Cash flow ratio = net cash flow from operating activities / current liabilities.
Cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditure + increase in inventory + cash dividends) in the last five years.
Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross fixed assets + long-term investment + other assets + working capital).

Consolidated cash flow changes in 2024：

Unit: NT$1,000

Cash balance at beginning of year	Annual net cash flow from operating activities	Cash outflow due to investing and financing activities	Cash surplus	Remedial measures for cash deficit	
				Investment plans	Financing plans
913,040	69,705	486,996	1,469,741	-	-

Analysis of changes in consolidated cash flows for the year 2024

(1)Operating Activities: Net cash inflows from operating activities were primarily attributable to non-cash adjustments such as depreciation and amortization, as well as an increase in accounts payable.

(2)Investing Activities: Net cash outflows from investing activities resulted mainly from increased capital expenditures on property, plant, and equipment, and intangible assets during the year.

(3)Financing Activities: Net cash inflows from financing activities were primarily due to proceeds from the issuance of new common shares for cash during the year

2. Improvement plan for insufficient liquidity:

The Company has no liquidity shortage.

3. Cash liquidity analysis for the following year:

The Company anticipates stable business growth over the next twelve months. In the event of any shortfall in operating cash flows, the Company plans to address the liquidity needs through private placements of common stock and bank financing arrangements.

(IV) The impact of significant capital expenditures on finances and business in the most recent year:

The consolidated capital expenditure (including prepaid equipment payment) in 2024 was approximately NT$134,834 thousand. The source of funds was its own funds, which were used to purchase research and development and machinery equipments to meet the company's operational planning and development needs.

(V) Reinvestment policy in the most recent year, the main reasons for its profit and loss, improvement plan, and investment plan for the following year:

1. Reinvestment policy: In line with the Company's business strategy and needs, long-term holding is the focus.

2. The main reason for the profit or loss of the reinvestment in the most recent year and its improvement plan

Unit:$1,000

Invested Company	Amount	Policy	Recognition of the latest annual investment profit and loss of the invested company	Main reasons for profit or loss	Improvement plan
FIOPTEC Inc.	USD 9,200	Investment holding company to establish a production base in mainland China	NTD30,322	FOCI Shanghai 2024 profit recognized	—
Shanghai FOCI Fiber Optic Communications, Inc.	USD 7,200	Production base and marketing base in mainland China	NTD28,319	Better product mix of customer orders	—
Jiangxi FOCI Fiber Optic Communication, Inc.	USD 2,000	Production base	NTD2,059	Interest income from loans to related parties	
Zhongshan FOCI Fiber Optic Communications, Inc.	RMB 20,000	Production base	NTD19,116	Improved Production efficiency	

3. Investment plan for the following year: There is no reinvestment plan in 2025.

(VI) Risk Management Analysis

1. The impact of changes in interest rates, exchange rates, and inflation on the Company's profit and loss and future response measures.

(1) In terms of interest rate change risk:
The Company's interest expenses in 2024 and 2023 were NT$2,603 thousand and NT$5,440 thousand, respectively, accounting for 0.19% and 0.43% of the consolidated net operating income of the year. The proportion is not high, so changes in interest rates have no significant impact on the company. In the future, the company will adjust the use of funds promptly according to changes in financial interest rates to reduce the impact of interest rate changes on the Company's profit and loss.

(2) In terms of exchange rate changes risk:

Unit: NT$1,000

Item \ Year	2024	2023
Exchange (gain) loss (1)	19,194	8,716
Sales revenue(2)	1,363,877	1,271,745
Operating (loss) income (3)	(93,376)	(58,246)
(1)/(2)	1.41%	0.69%
(1)/(3)	(20.56%)	(14.96%)

In fiscal years 2023 and 2024, the Company recorded foreign exchange gains and losses of NT$8,716 thousand and NT$19,194 thousand, respectively, representing 0.69% and 1.41% of net operating revenue. The Company's primary transaction currencies for purchases and sales are New Taiwan

Dollars (NTD) and U.S. Dollars (USD), with a predominant use of USD. Consequently, the Company employs natural hedging as its principal strategy for managing exchange rate risk. The Company's approach to exchange rate fluctuations focuses on maintaining stable core business operations through foreign exchange risk management, rather than pursuing substantial gains from currency exchange. To this end, the Company continuously monitors and gathers information on foreign exchange market trends to assess currency movements. Additionally, the Company enhances the financial personnel's awareness and understanding of foreign exchange hedging strategies to effectively manage and evaluate exchange rate volatility.

(3) In terms of inflation risk: Up to now, the Company has not been significantly impacted by profit and loss due to inflation. In addition to paying close attention to market price fluctuations, the Company maintains an excellent interactive relationship with suppliers and customers to properly adjust product prices and raw material inventory, which should be able to reduce the impact of inflation on the company effectively.

2. Policies for engaging in high-risk, high-leverage investments, loans to others, endorsement guarantees, and derivatives transactions, the main reasons for profits or losses, and future countermeasures:

(1) Since its establishment, the Company has been committed to the operation of the industry and do not engage in high-risk, high-leveraged investments.

(2) As of the publication date of the annual report, the Company's loans to others：none.

(3) As of the publication date of the annual report, the Company has endorsed and guaranteed its subsidiary Shanghai FOCI Fiber Optic Communications, Inc. with an amount of RMB 8,000 thousand and its subsidiary Zhongshan FOCI Fiber Optic Communications, Inc. with an endorsement guarantee amount of RMB 10,000 thousand.

(4) As of the publication date of the annual report, the Company has not engaged in derivative transactions.

3. Research and development work would be carried out in the future, and further expenditures expected for research and development work:

Technological innovation and R&D are the foundation of FOCI's sustainable development and sustainable operation. FOCI launch an R&D strategy every year, and prepares R&D budgets according to the plan to ensure the company's competitive niche. Optical communications technology is one of FOCI's important core competitiveness. We will focus on the R&D efforts in products and production technologies for high-speed transmission interfaces, and CPO optical elements and the process development. We will continue the efforts in technology and product development with the following expected projects:

(1) Polarization Maintaining Fiber Array (PM FA) packaging

This product is applied in coherent communication modules, such application would be the one part of coherent optical communication modules like high-speed transmission at 100G ~ 400G. This is the passive element used in some of the optimized high-speed transmission solutions. It can be used in micro-integrable tunable laser assembly (micro-ITLA), coherent driver modulator (CDM) and intradyne coherent receiver (micro-ICR). The intradyne coherent optical communication module equipped with this element is capable of transmission beyond 1,000km. It is the most advanced passive element used for optical communication applications in recent years.

(2) CPO optical elements and the process development

Optics are in the critical turning point currently for their evolution. Pluggable optics are facing density and power issues as the network speed increases to 800 Gbps and higher. The “Co-Packaged Optics” (CPO) become the most needed system integration solution in the industry. This solution, combined with silicon photo technology, provides greater number of cores, density, and transmission rate. FOCI is maintaining its lead in PM FA products with greater number of cores and higher density, and launches ReLFAConTM (Reflowable Lensed Fiber Array Connector) products for Optical Switch, HPC, AI, ML, Lidar and sensors. They meet the process environment needs for standard semiconductor packaging, which provides a complete solution for CPO.

(3) Automated process equipment development

In response to increasing demands for precision and reliability in our products—particularly the growing market for miniaturized optical components such as FA and MT connectors, as well as the expanding applications in high-speed data transmission and silicon photonics packaging—our existing equipment, manufacturing processes, and production capacity are no longer sufficient to meet future market requirements. To address this, we have partnered with strategic collaborators to develop automated assembly and mass production systems. This initiative aims to rapidly scale our assembly capacity, ensure production stability, reduce labor dependency, and lower manufacturing costs

Since the established from 1995, FOCI has been continuously investing in the development of active and passive optical communication components, modules and sub-system products and technologies since its establishment, and is committed to passing down experience accumulated over the years, while engaging in technical cooperation with professional and academic organizations to improve technical capability. We are constantly on the lookout for innovations of technology and manufacturing process and development of new products. Efforts are invested to integrate existing resources and people for self-development, and R&D budgets are provided to maintain market competitiveness. It is estimated that R&D expenses will still account for more than 8% of revenue to meet the technology development needs mentioned above.

4. Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

Our operations are conducted in strict accordance with the Company's established policies and procedures, as well as in compliance with all applicable domestic and international laws and regulations. In recent years, our business activities have not been adversely affected by changes in governmental policies or legal frameworks.

5. Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

   The optical communication industry has gradually evolved from being a part of the telecommunications system to formally incorporated in consumer electronics products after decades of development, providing systems and components for broadband network applications. The widespread smart mobile devices have encouraged diversity of services, including network telephone, cloud applications, home security, health care, security monitoring and other needs, as well as social networking sites, audio/video applications, and entertainment that have become part of our daily life, which is what we are happy to see! The attributes of customers who purchase FOCI's products and product proportions indicate that FOCI has been keeping an eye on the development of new technologies and the trend of industrial changes; in addition, in order to grasp the more life-like applications of optical fiber products in the future, FOCI continues to invest in the active optical cable (AOC) market Development to grasp the business opportunities of wired high-speed I/O interface transmission products.

   In response to the increasing frequency of cyberattacks, the Company has proactively implemented comprehensive information security enhancement measures. These initiatives include the phased deployment of various cybersecurity defense systems and mechanisms. The Company has also established and periodically reviews its information security policies, encompassing incident reporting and response protocols. Regular employee awareness programs are conducted to promote efficiency and quality in information operations, thereby achieving preventive and corrective outcomes aimed at controlling and mitigating associated cyber risks.

6. Effect on the Company's crisis management of changes in the company's corporate image, and measures to be taken in response: FOCI did not experience any change of cooperate image in the most recent fiscal year.

   FOCI has been running its business believing in stability and integrity ever since its founding day, and continues to improve the company's internal management and quality management capabilities for a good corporate image. The plan is to recruit more outstanding talents to work for FOCI. We develop the strength of the management team, and present the business results to the public. However, there has been no major change in the corporate image of the company in the most recent year and the current fiscal year, and there have been no reports on the market that are unfavorable to the corporate image. FOCI will do its best for corporate social responsibilities while pursuing the greatest benefits for its shareholders and employees.

7. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: none.

8. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

   To meet future production demands, the Company plans to expand the cleanroom facilities within its existing premises at the Hsinchu Science Park. The facility, previously leased to a third party, has been reclaimed upon lease expiration and is undergoing renovation. In managing the associated engineering risks, the Company will comply with relevant regulatory requirements, including mandatory reporting procedures and adherence to occupational safety and health regulations, to ensure the project is completed on schedule and meets quality standards.

9. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

(1) Risks associated with any consolidation of purchasing operations, and mitigation measures being or to be taken:

Considering reducing production costs, improving competitiveness and serving customers nearby, FOCI’s main products are outsourced to FOCI Shanghai and FOCI Zhongshan, both of which are 100% invested by FOCI. For FOCI’s overall operation plan, the parent company in Taiwan is in charge of receiving orders and R&D works, coordinating the Group’s resources for raw material procurement and production allocation. In addition, the purchase policy for individual raw materials is to have two or multiple suppliers and purchase material from multiple sources,, which eliminates the risk of buying from a single source. FOCI has been maintaining a good cooperative relationship with all suppliers to ensure the stability of supply sources.

(2) Risks associated with any consolidation of sales operations, and mitigation measures being or to be taken

FOCI has been working with some major international customers, and increase added value and adhesion for customers with concentrated resources. This year, FOCI will continue to work on several large customers to replicate successful experience and expand business scope for better market position. FOCI would keep our strongly believes in R&D and manufacturing capabilities. On one hand, FOCI maintains long-term cooperative relationships with existing customers and, on the other, we will commit to develop new customers to expand and diversify business sources. Therefore, the risk of concentrated sales is not likely to have impacts on FOCI's business growth.

10. Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

The Company's principal shareholders have consistently demonstrated strong support for its operations and management team. In compliance with the Securities and Exchange Act, disclosures regarding the shareholding status of directors, supervisors, and shareholders holding more than 10% of the Company's shares have been duly filed within the prescribed deadlines. As of the date of publication of this Annual Report, there have been no significant transfers or changes in shareholding that would materially impact the Company.

11. Effect upon and risk to Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken:

As of the date of publication of this Annual Report, there have been no changes in the Company's control. Therefore, this section is not applicable.

12. Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: none.
13. Other important risks, and mitigation measures being or to be taken: none.

(VII) Other important matters:

Cyber security and management

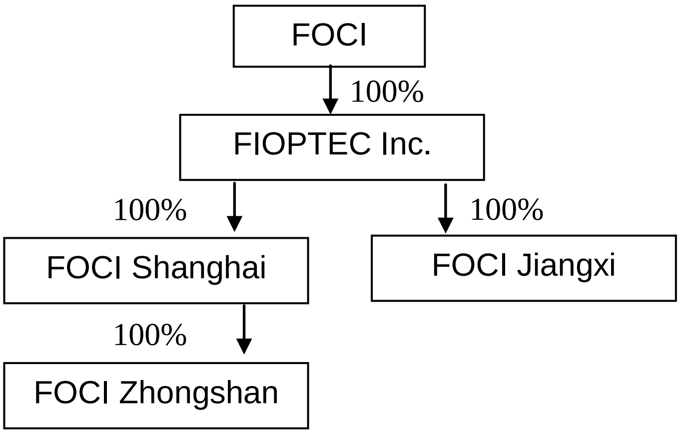
FOCI has an information security policy for this management. A safe environment is established for the company's computer network and information system, and to protect the company's intellectual property and customers' confidential information. Network attacks and confidential information theft are frequent and imminent dangers. FOCI has established a security control mechanism for the computer network system to ensure the security of data transmission over network, protect network operations, and prevent unauthorized system access from causing confidential information leaks. A fortified cyber security management is in place for the cross-company computer network system. Anti-virus software is installed internally, and network firewalls externally to prevent computer viruses and aggressive malicious software from invading and paralyzing FOCI's network system. Employees are educated on the concept of using legal software correctly, encouraged to familiarize themselves with the threat of computer viruses and email security, thus further enhancing employees' cyber security awareness and integration into daily operations.

VI. Other items deserving special mention

(I) Information related to the company's affiliates

1. Consolidated business report with affiliates

(1) Affiliate organization:



(2) Basic Information of Affiliated Companies

31 Dec 2024 Unit:1,000

Affiliated Enterprise	Date of Incorporation	Registered Address	Paid-in Capital	Principal Business Activities
FIOPTEC Inc.	1998.08.28	4th Floor,Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands	USD 9,200	Investment activities
Shanghai FOCI Fiber Optic Communications, Inc.	1999.11.13	No. 8, Qiu Jing Road, Jiuting Economic Development Zone, Songjiang District, Shanghai, China	USD 7,200	The Company is engaged in the manufacturing and processing of optical fiber passive components, including jumpers, pigtails, couplers, testers, switches, optical controllers, optical fiber communication rooms, and related accessories. Additionally, the Company provides consulting services, technical support, and sales of its proprietary products.
Jiangxi FOCI Fiber Optic Communication, Inc.	2013.01.28	Room 601, No. 3, Juneng Road, High-tech Industrial Development Zone, Yingtan City, Jiangxi Province	USD 2,000	
Zhongshan FOCI Fiber Optic Communications, Inc.	2016.08.02	3rd Floor, Room 301; 4th Floor; 5th Floor, Room 502, No. 18-2, Zhiye Road, Torch Development Zone, Zhongshan City	CNY 20,000	

(3) Where a relationship of control and subordination is presumed in accordance with Article 369-3 of the Company Act, the following matters shall be disclosed: none

(4) Industries covered by the business operations of the entire affiliated enterprises:
The primary business operations of the Company and its affiliates encompass investment holding and optical communication sectors, with a focus on the design, manufacturing, and sales services of fiber optic components, fiber

optic modules, and integrated systems.

(5) Information on directors, supervisors, and general managers of affiliated companies

31 Dec 2024 ; Unit: shares;%

Name of affiliate	Title	Name or representative	Current shareholdings	
			shares	% of shares
FIOPTEC INC.	Director	Song-fure Lin	–	–
Shanghai FOCI Fiber Optic Communications, Inc.(note)	Director	Song-fure Lin	–	–
	Director	Chun-ying Kung	–	–
	Director	Chien-Hsing Kao	–	–
	GM	Chun-ying Kung	–	–
Jiangxi FOCI Fiber Optic Communication, Inc.(note)	Director	Song-fure Lin	–	–
	Director	Chun-ying Kung	–	–
	Director	Chien-Hsing Kao	–	–
	GM	Chun-ying Kung	–	–
Zhongshan FOCI Fiber Optic Communications, Inc.(note)	Director	Chun-ying Kung	–	–
	GM	Chun-ying Kung	–	–

Note: A limited company does not issue shares.

(6) Operational overview of affiliated companies

31 Dec 2024 ; Unit:1,000 (except earnings per share amouts)

Name	Capital Amount	Total Assets	Total Liabilities	Net Value	Operating Income	Operating Profit (Loss)	Profit for the period (after tax)	EPS
FIOPTEC INC.	USD 9,200	317,325	-	317,325	-	-	30,322	N/A
Shanghai FOCI Fiber Optic Communications, Inc.	USD 7,200	420,690	114,370	306,320	415,670	4,258	28,319	N/A
Jiangxi FOCI Fiber Optic Communication, Inc.	USD 2,000	11,003	2	11,001	-	(3,091)	2,059	N/A
Zhongshan FOCI Fiber Optic Communications, Inc.	CNY 20,000	290,306	186,228	104,078	610,964	24,384	19,116	N/A

2. Consolidated financial report with affiliates: Please refer to Appendix 3:2024 consolidated financial report

3. Relation report: not applicable.

(II) Any private placement of securities carried out during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

Items	2024 Private Placement Issuance date：July 26, 2024
Type of Private Placement Securities	Common stocks
Date and Amount Approved by the Shareholders' Meeting	Date of Shareholders' Meeting Approval: May 30, 2024 Approved Issuance Amount by Shareholders' Meeting: Within a maximum limit of 10,000 thousand shares, to be executed in one to three tranches within one year from the date of the shareholders' meeting resolution.
Basis and Reasonableness of Pricing Determination	The issue price for this private placement is set at no less than 70% of the higher price calculated based on the following two benchmarks： 1. The simple arithmetical average closing price of the ordinary shares of the Company on any of the first, third or fifth trading day prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of the shares cancelled in connection with capital reduction. 2. The simple arithmetical average closing price of the ordinary shares of the Company for thirty trading days prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of shares cancelled in connection with capital reduction. The actual pricing date and the actual private placement price shall be determined by the board of directors within the scope authorized by the shareholders' meeting resolution, based on the future negotiations with specific investors. However, the issuance price this time shall not be lower than 70% of the higher price calculated based on the two aforementioned benchmarks. The company has engaged an independent expert, Accountant Ci-jian Chen of Sun Rising Certified Public Accountants, to issue an opinion on the basis and reasonableness of the pricing. In determining the aforementioned issuance price, considerations include the company's operating conditions, future prospects, and the three-year transfer restriction on privately placed securities imposed by the Securities and Exchange Act. The pricing also references relevant legal regulations and the closing price of common stocks, which should be deemed reasonable.
Method of Selection for Specific Persons	1. The targets for this private placement of common stocks are limited to specific persons meeting the criteria of Article 43-6 of the Securities and Exchange Act and the Financial Supervisory Commission's Order No. Financial-Supervisory-Securities-Corporate-1120383220 dated September 12, 2023, and must be strategic investors. 2. To meet the Company's operational development needs, individuals or entities that can enhance the Company's technology, product development, cost reduction, market expansion, or strengthen customer relationships will be selected. Leveraging their experience, technology, knowledge, reputation, or channels will strengthen the Company's competitiveness, improve operational efficiency, and support long-term development.
Necessary Reasons for Conducting Private Placement	Considering factors such as capital market conditions, fundraising timeliness, issuance costs, and the three-year transfer restriction on privately placed stocks, private placement is preferred over public offering. This approach ensures and strengthens long-term cooperative relationships with strategic partners. The execution of this plan is expected to enhance the Company's competitiveness, improve operational efficiency, support long-term development, and increase overall shareholder equity.
Date of Completion of Payment for Subscription	June 24, 2024

<table>
<tr><td rowspan="2">Placee Information</td><td>Private Placement Target</td><td>Eligibility Criteria</td><td>Subscription Amount</td><td>Relationship with the Company</td><td>Participation in Company Operations</td></tr>
<tr><td>Himax Technologies, Inc.</td><td>Article 43-6, Paragraph 1, Subparagraph 2 of the Securities and Exchange Act</td><td>5,000,000 shares</td><td>None</td><td>None</td></tr>
<tr><td>Actual Subscription (or Conversion) Price</td><td colspan="5">NTD 104.4 per share.</td></tr>
<tr><td>Difference Between Actual Subscription (or Conversion) Price and Reference Price</td><td colspan="5">The reference price for this private placement is NTD 149.1 per share, while the actual placement price is NTD 104.4 per share, which is not lower than 70% of the reference price.</td></tr>
<tr><td>Impact of Private Placement on Shareholders' Equity</td><td colspan="5">The funds raised through this private placement will be used to enhance working capital and meet the company's long-term funding needs. This is expected to strengthen the company's competitiveness, improve operational efficiency, and support long-term corporate development, thereby positively contributing to shareholder value.</td></tr>
<tr><td>Utilization of Private Placement Funds and Implementation Progress</td><td colspan="5"><table>
<tr><td rowspan="3">Project Item</td><td rowspan="3">Estimated Completion Date</td><td rowspan="3">Total Required Capital
(in thousand NTD)</td><td colspan="4">Estimated Capital Deployment Schedule (in thousand NTD)</td></tr>
<tr><td colspan="4">2025</td></tr>
<tr><td>Q 1</td><td>Q 2</td><td>Q 3</td><td>Q 4</td></tr>
<tr><td>Working Capital Enhancement</td><td>2025 Q3</td><td>522,000</td><td>170,000</td><td>170,000</td><td>182,000</td><td>—</td></tr>
</table>
This private placement raise NT$522,000 thousand. As of the first quarter of 2025, NT$170,000 thousand had been utilized according to schedule. The remaining amount is expected to be fully utilized by the third quarter of 2025.</td></tr>
<tr><td>Effectiveness of Private Placement</td><td colspan="5">The funds will be used to enhance working capital, reinforce the company's competitiveness, and improve operational efficiency.</td></tr>
</table>

(III) Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: none.

(IV) Other matters that require additional description

FOCI has no unfinished "OTC commitment" up to the date of publication of the annual report.

VII. Situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one: none.

Appendix 1

FOCI Fiber Optic Communications, Inc.

Internal Control System Statement

20 Feb 2025

The following statement presents the results of self-evaluation on FOCI’s internal control system in 2024:

1. FOCI is well aware that the establishment, implementation and maintenance of the internal control system is the responsibility of FOCI’s board of directors and managers, and such a system has been established. Its purpose is to ensure reasonably that the identified objectives, including operation effectiveness and efficiency (including profit, performance, and asset safety protection, etc.), reliability, timeliness, transparency of the reports, and compliance with applicable specifications, laws, and regulations, are accomplished.
2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable guarantees for the achievement of the three objectives identified above; moreover, the effectiveness of the internal control system may vary due to changes in the environment and circumstances. However, FOCI's internal control system has a self-monitoring mechanism. Corrective actions will be taken whenever a defect is identified.
3. The effective design and implementation of the internal control system are assessed based on the criteria to determine the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The internal control system criteria adopted in the "Regulations" are based on the process of management control, and the internal control system is divided into five components: 1. Control environment; 2. Risk assessment; 3. Control operations; 4. Information and Communication; and 5. Supervision of Operations. Each component contains a number of sub-criteria. Refer to the provisions of the "Guidelines" for the criteria above.
4. The internal control system and criteria above are adopted to evaluate the effectiveness of the design and implementation of the internal control system.
5. The assessment results above lead FOCI to believe that the design and implementation of FOCI's internal control system (including the supervision and management of subsidiaries) on December 31, 2024, including the understanding of the effectiveness of operations and the degree of achievement of efficiency goals, reliability, timeliness, and transparency of reports, and compliance with applicable specifications, laws, and regulations, are effective. It is capable of ensuring the achievement of the goals mentioned above reasonably.
6. This statement will form a significant port of FOCI's annual report and prospectus, and will be made public. For falsehoods, concealment, or other illegal matters in the disclosed content mentioned above, applicable legal liabilities under Articles 20, 31, 171, and 174 of the Securities and Exchange Act shall be imposed.
7. This statement was approved by FOCI’s board of directors on February 20, 2025. Among the <u>seven</u> directors present, <u>none</u> had any objection. The content of this statement was approved unanimously and hereby declared.

FOCI Fiber Optic Communications, Inc.

Chairman: Song-fure Lin

General Manager: Ting-ta Hu

Appendix 2

FOCI FIBER OPTIC COMMUNICATIONS, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2024 AND 2023

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR24003251

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

Opinion

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

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

Basis for opinion

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

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

Key Audit Matters

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

Assessment of Inventory Valuation

<u>Description of key audit matter</u>

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

How the matter was addressed in our audit

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

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

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

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

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

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

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

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

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

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

accounting estimates and related disclosures made by management.

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

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

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

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

Shu-Chien Pai	Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan
February 20, 2025

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

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

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

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

(Continued)

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

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

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

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

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

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

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

				Retained earnings			Other equity interest			
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total equity
2023										
Balance at January 1, 2023		$ 883,366	$ 555,581	$ 130,433	$ 170,586	$ 88,764	($ 31,436)	($ 136,791)	$ -	$1,660,503
Profit for the year		-	-	-	-	12,058	-	-	-	12,058
Other comprehensive loss for the year		-	-	-	-	-	(10,458)	(44,177)	-	(54,635)
Total comprehensive income (loss)		-	-	-	-	12,058	(10,458)	(44,177)	-	(42,577)
Appropriation and distribution of 2022 earnings	6(18)									
Legal reserve		-	-	4,702	-	(4,702)	-	-	-	-
Special reserve		-	-	-	(2,359)	2,359	-	-	-	-
Cash dividends		-	-	-	-	(44,313)	-	-	-	(44,313)
Convertible corporate bond conversion	6(16)(17)	3,040	3,852	-	-	-	-	-	-	6,892
Cash capital increase	6(16)(17)	100,000	428,000	-	-	-	-	-	-	528,000
Share-based payments	6(15)(17)(26)	-	29,744	-	-	-	-	-	-	29,744
Balance at December 31, 2023		$ 986,406	$1,017,177	$ 135,135	$ 168,227	$ 54,166	($ 41,894)	($ 180,968)	$ -	$2,138,249
2024										
Balance at January 1, 2024		$ 986,406	$1,017,177	$ 135,135	$ 168,227	$ 54,166	($ 41,894)	($ 180,968)	$ -	$2,138,249
Loss for the year		-	-	-	-	(48,272)	-	-	-	(48,272)
Other comprehensive income (loss) for the year		-	-	-	-	-	15,480	(47,501)	-	(32,021)
Total comprehensive income		-	-	-	-	(48,272)	15,480	(47,501)	-	(80,293)
Appropriation and distribution of 2023 earnings	6(18)									
Legal reserve		-	-	1,206	-	(1,206)	-	-	-	-
Special reserve		-	-	-	52,960	(52,960)	-	-	-	-
Cash capital increase	6(16)(17)	50,000	472,000	-	-	-	-	-	-	522,000
Capital surplus used to issue cash	6(17)	-	(49,320)	-	-	-	-	-	-	(49,320)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	6(3)(19)	-	-	-	-	(33,170)	-	33,170	-	-
Balance at December 31, 2024		$1,036,406	$1,439,857	$ 136,341	$ 221,187	($ 81,442)	($ 26,414)	($ 195,299)	$ -	$2,530,636

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

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

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

(Continued)

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

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

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

FOCI FIBER OPTIC COMMUNICATIONS, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

1. History and Organization

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

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

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

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

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete:

IFRS 18, 'Presentation and disclosure in financial statements'

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

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

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

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

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

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

(4) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(5) Cash equivalents

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

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

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

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

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

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

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

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

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

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

(8) Financial assets at amortized cost

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

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

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

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

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

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

(9) Accounts and notes receivable

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

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

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

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

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

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

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

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

(13) Inventories

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(15) Property, plant and equipment

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

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

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

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

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

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

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

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

Lease payments are comprised of the following:

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

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

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

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

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

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

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

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

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

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

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

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

(17) Investment property

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

(18) Intangible assets

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

(19) Impairment of non-financial assets

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

(20) Notes and accounts payable

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

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

(21) Convertible bonds payable

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

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

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

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

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

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

(22) Derecognition of financial liabilities

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

(23) Non-hedging and embedded derivatives

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

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

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

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Employees' compensation and directors' remuneration

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

(25) Employee share-based payment

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

(26) Income tax

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

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

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

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

(27) Share capital

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

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

(28) Dividends

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

(29) Revenue recognition

A. Sales of goods

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

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

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

B. Incremental costs of obtaining a contract

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

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

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

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

None.

(2)Critical accounting estimates and assumptions

Evaluation of inventories

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

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

6. Details of Significant Accounts

(1) Cash and cash equivalents

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

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

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

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

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

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

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

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

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

A. The Company has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $100,455 and $148,087 as at December 31, 2024 and 2023, respectively.

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

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

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

(4) Financial assets at amortized cost

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

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

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

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

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

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

(5) Notes and accounts receivable

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

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

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

The above ageing analysis was based on past due date.

B. As of December 31, 2024 and 2023, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers amounted to $363,899.

C. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was $2,461 and $641; $322,257 and $344,697, respectively.

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

(6) Inventories

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

The cost of inventories recognized as expense for the period:

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

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

(7) Investments accounted for using equity method

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

A. Subsidiary

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

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

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

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

C. Individually immaterial associate

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

D. Based on the Company’s assessment, an impairment loss of $3,790 was recognized due to the recoverable amount of BKS TEC Corp. being less than its carrying amount.

(8) Property, plant and equipment

	2024						
	Buildings and structures	Machinery and equipment	Research and development equipment	Transportation equipment	Office equipment	Unfinished construction and equipment under acceptance	Total
Cost							
Opening net book amount as at January 1	$ 371,581	$ 198,211	$ 93,141	$ -	$ 1,896	$ 13,385	$ 678,214
Additions for the year	4,317	49,486	19,636	685	3,489	118,206	195,819
Disposals for the year	(242)	(30,522)	(11,462)	-	(758)	-	(42,984)
Reclassifications in the year	-	11,385	2,000	-	-	(13,385)	-
At December 31	$ 375,656	$ 228,560	$ 103,315	$ 685	$ 4,627	$ 118,206	$ 831,049
Accumulated depreciation and impairment							
At January 1	$ 174,353	$ 147,244	$ 43,616	$ -	$ 1,324	$ -	$ 366,537
Depreciation expense for the year	13,227	34,033	24,311	57	472	-	72,100
Disposals for the year	(242)	(30,303)	(11,462)	-	(758)	-	(42,765)
Reversal of impairment loss	-	(689)	-	-	-	-	(689)
Closing net book amount as at December 31	187,338	150,285	56,465	57	1,038	-	395,183
Net amount	$ 188,318	$ 78,275	$ 46,850	$ 628	$ 3,589	$ 118,206	$ 435,866

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

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

B. The equipment was for the Company’s own use and not for lease.

(9) Leasing arrangements—lessee

A. The Company leases various assets including land, buildings, business vehicles. Rental contracts are typically made for periods of 1 to 20 years.

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

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

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

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

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

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

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

(10) Leasing arrangements – lessor

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a certain amount of guarantee deposits is required.

B. For the years ended December 31, 2024 and 2023, the Company recognized rent income in the amounts of $10,530 and $10,528, respectively, based on the operating lease agreement, which does not include variable lease payments.

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

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

(11) Investment property

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

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

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

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

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

(12) Other non-current assets

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

(13) Other payables

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

(14) Pensions

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

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

(15) Share-based payment

A. For the years ended December 31, 2024 and 2023, the Company's share-based payment arrangements were as follows:

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

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

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

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Fair value per unit
Cash capital increase reserved for employee preemption	2023.10.25	$ 74	$ 52.80	$ 21.20

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

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

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

(16) Share capital

A. As of December 31, 2024, the Company's authorized capital was $1,800,000, consisting of 180,000 thousand shares of ordinary stock (including 6,000 thousand shares reserved for employee stock options), and the paid-in capital was $1,036,406 with a par value of NT$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2024 (in thousands)	2023 (in thousands)
At January 1	98,641	88,337
Convertible bonds converted to ordinary shares	-	304
Cash capital increase	5,000	10,000
At December 31	103,641	98,641

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

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

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

(17) Capital surplus

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

	2024			
	Share premium	Changes in ownership interests in subsidiaries	Gains on disposals of fixed assets and others	Total
At January 1	$ 1,015,144	$ 1,775	$ 258	$ 1,017,177
Capital surplus distributed as cash	(49,320)	-	-	(49,320)
Cash capital increase	472,000	-	-	472,000
At December 31	$ 1,437,824	$ 1,775	$ 258	$ 1,439,857

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

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be appropriated in the following orders:

(a) Pay all taxes;

(b) Cover prior years' losses;

(c) Set aside 10% as legal reserve (unless the legal reserve has reached the total capital);

(d) Set aside or reverse special reserve as required by regulations;

(e) The remainder, if any, along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and be resolved by the shareholders.

B. The Board of Directors of the Company may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends, bonus, legal reserve or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting.

C. The Company's dividend policy is set up in accordance with the Company Act and the Company's Articles of Incorporation, and in consideration of factors including the Company's capital and financial structure, operational condition, earnings, and the industry's nature and cycle, etc. Suppose the Company has a surplus in its final annual accounts, and the distributable surplus reaches 2% of the paid-in capital. In that case, the dividend distribution shall not be less than 10% of the distributable surplus. Cash dividends are preferred in the distribution of earnings, but stock dividends can also be distributed on the basis that the distribution ratio of stock dividends is no higher than 50% of total dividends of the year.

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

E. Legal reserve shall be set aside until its balance reaches the Company's total paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of its paid-in capital, the excess may be transferred to capital or distributed in cash.

F. The Board of Directors on February 23, 2023 and the shareholders' meeting on May 30, 2023 adopted a resolution on the distribution of 2022 earnings, appropriating $4,702 as legal reserve and $2,359 as special reserve, and distributing $44,313 as cash dividends at NT$0.5 (in dollars) per share.

G. The Board of Directors on February 22, 2024 adopted a resolution on the distribution of 2023 earnings, distribute cash dividends from capital surplus amounting to $49,320 at NT$0.5 (in dollars) per share.

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

(19) Other equity items

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

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

(20) Operating revenue

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

A. Disaggregation of revenue from contracts with customers

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

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

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

B. Contract assets and liabilities

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

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

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

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

(21) Interest income

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

(22) Other income

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

(23) Other gains and losses

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

(24) Finance costs

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

(25) Expenses by nature

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

(26) Employee benefit expense

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

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

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

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

(27) Income tax

A. Income tax expense

(a) Components of income tax benefit:

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

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

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

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

B. Reconciliation between income tax expense and accounting profit:

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

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

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

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

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

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

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

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

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

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

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

(28) Earnings per share

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

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

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

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

B. Financing activities with partial cash payments:

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

(30) Changes in liabilities from financing activities

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

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

7. Related Party Transactions

(1) Names of related parties and relationship

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

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

(2) Significant related party transactions

A. Operating revenue:

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

B. Purchases:

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

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

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

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

C. Receivables from related parties:

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

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

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

D. Payables to related parties:

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

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

E. Property transactions:

Acquisition of property, plant and equipment:

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

(3) Key management compensation

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

8. Pledged Assets

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

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

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

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On February 20, 2025, the Board of Directors of the Company resolved:

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

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

12. Others

(1) Capital management

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

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

(2) Financial instruments

A. Financial instruments by category

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

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

B. Financial risk management policies

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

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

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

Exchange rate risk

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

ii. The Company's strategy to manage exchange rate risk is to regularly review the net position of assets and liabilities in each currency and manage the risk accordingly. Currently, trading foreign currency deposits is the main tool to hedge exchange rate risk.

iii. As the net investments in foreign operations are considered to be strategic investments, the Company does not hedge the investments.

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

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

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

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

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

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

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

Price risk

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

ii. The Company's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of financial instruments would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by $475 and $1,900, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $2,958 and $3,291, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.

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

iii. The Company adopts the assumptions under IFRS 9 that if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

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

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

vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties；

(ii) The disappearance of an active market for that financial asset because of financial difficulties；

(iii) Default or delinquency in interest or principal repayments；

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

viii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable and accounts receivable. On December 31, 2024 and 2023, the provision matrix is as follows:

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

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

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

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

(c) Liquidity risk

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

ii. The Company has the following undrawn borrowing facilities:

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

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

At December 31, 2024	Immediate payment or less than 1 month	Between 1 and 3 month(s)	Between 3 months and 1 year	Between 1 and 5 year(s)	Over 5 years	Total
Non-derivative financial liabilities						
Notes payable	$ 15	$ -	$ 1,890	$ -	$ -	$ 1,905
Accounts payable	141,355	98,712	716	-	-	240,783
Other payables	40,481	18,513	21,907	-	-	80,901
Lease liability	352	704	2,561	11,705	72,177	87,499
Derivative financial liabilities:	None.					

At December 31, 2023	Immediate payment or less than 1 month	Between 1 and 3 month(s)	Between 3 months and 1 year	Between 1 and 5 year(s)	Over 5 years	Total
Non-derivative financial liabilities						
Notes payable	28	-	1,845	-	-	1,873
Accounts payable	149,645	126,750	40,139	-	-	316,534
Other payables	19,231	11,900	7,133	-	-	38,264
Lease liability	365	731	3,274	12,396	75,103	91,869
Derivative financial liabilities:	None.					

(3) Fair value information

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

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

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

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

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

C. Financial instruments not measured at fair value

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

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

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

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed stocks	$ 43,050	$ -	$ -	$ 43,050
Financial assets at fair value through other comprehensive income				
Emerging stocks	24,290	-	-	24,290
Unlisted stocks	-	-	76,165	76,165
	$ 67,340	$ -	$ 76,165	$ 143,505
Liabilities				
Recurring fair value measurements:None.				

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

Liabilities

Recurring fair value measurements:None.

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

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

	Listed stocks and Emerging stocks
Market quoted price	Closing price

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

E. For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2024 and 2023:

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

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

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

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

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

	Fair value at December 31, 2023		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Unlisted shares	$	29,616	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares		124	Market comparable companies	Discount for lack of marketability	20.50%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares		39,988	Income approach	Discount for lack of marketability and discount for lack of control	15.70% 21.50%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value
Unlisted shares		47,701	Income approach	Discount for lack of marketability and discount for lack of control	32.28% 21.20%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value

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

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

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

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

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

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. Segment Information

Not applicable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note:

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

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

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

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

Average employee benefit expense in previous year was $961.

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

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

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

Average employees salaries in previous year was $670.

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

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

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

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

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

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

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2024

Table 1

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

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2024 (Note 2)	Balance at December 31, 2024	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for creditor counterparty doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
2	Jiangxi FOCI Fiber Optic Communication, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	Other receivables due from related parties	Yes	$ 98,604 (CNY 22,000)	$ -	$ -	3.35-3.45	Short-term financing	$ -	Opertations	-	-	-	$ 11,001 (Note 4)	$ 11,001 (Note 4)	

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

(1) The Company is ‘0’.

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

Note 2: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2024.

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

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

(1) The Company is ‘0’.

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

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

(1) Having business relationship.

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

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

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

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

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

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

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

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

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

December 31, 2024

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

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

Year ended December 31, 2024

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

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

Year ended December 31, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

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

Note 6: It refers to loans between subsidiaries.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Information on investees

Year ended December 31, 2024

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2024

Table 8

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

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2024 (Note 3)	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	USD 7,200	Note 1	$ 239,388 (USD 7,200)	$ -	$ -	$ 239,388 (USD 7,200)	$ 28,319	100%	$ 28,319	$ 307,437	$ 140,586	Note 4
Jiangxi FOCI Fiber Optic Communication, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	USD 2,000	Note 1	149,616 (USD 5,000)	-	97,560 (USD 3,000)	52,056 (USD 2,000)	2,059	100%	2,059	11,001	-	Note 5
Zhongshan FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	CNY 20,000	Note 2	-	-	-	-	19,116	100%	19,116	104,078	-	

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

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

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

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

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

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

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

Table 9

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

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

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

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

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

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

Appendix 3

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2024 AND 2023

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

FOCI FIBER OPTIC COMMUNICATIONS, INC.
DECEMBER 31, 2024 AND 2023 CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
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Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of FOCI FIBER OPTIC COMMUNICATIONS, INC. (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2024 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of FOCI FIBER OPTIC COMMUNICATIONS, INC. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10. Additionally, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, FOCI FIBER OPTIC COMMUNICATIONS, INC. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,
FOCI FIBER OPTIC COMMUNICATIONS, INC.
By

Song-fure Lin, Chairman
February 20, 2025

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR24000354

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

Opinion

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

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Assessment of Inventory Valuation

Description of key audit matter

Refer to Note 4(14) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses, and Note 6(6) for details of inventories. The Group is primarily engaged in researching, developing, manufacturing, selling of optical fiber communication. Due to the rapid innovations in communication technology and the highly competitive market, there was a higher risk of incurring inventory loss on decline in market value or having obsolete inventory. Given that the net realisable value used in the inventory valuation usually involved subjective judgement and estimation uncertainty, and the inventories were material to the financial statements, we considered the inventory valuation as one of the key audit matters.

How the matter was addressed in our audit

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

1. Obtained an understanding on the Group’s operations and its industry characteristic to assess the reasonableness of the Group’s policies on and procedures for allowance for inventory valuation losses.

2. Assessed and tested the reasonableness of the basis of net realisable value used by management and the accuracy of the net realisable value calculation.
3. Acquired management's individually identified obsolete or damaged inventory list, inspected the related supporting documents and proper recognition in the financial statements.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of FOCI Fiber Optic Communications, Inc. as at and for the years ended December 31, 2024 and 2023.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

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

Shu-Chien Pai	Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan

February 20, 2025

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

	Assets	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,469,741	50	$ 913,040	38
1110	Financial assets at fair value through profit or loss - current	6(2)	43,050	1	210,400	9
1150	Notes receivable, net	6(5)	2,461	-	641	-
1170	Accounts receivable, net	6(5)	282,464	9	277,195	11
1180	Accounts receivable - related parties, net	6(5) and 7	-	-	1,391	-
1200	Other receivables	7	10,558	-	5,518	-
130X	Inventories	6(6)	287,857	10	243,139	10
1470	Other current assets		45,157	2	14,562	1
11XX	**Current Assets**		2,141,288	72	1,665,886	69
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non current	6(3)	100,455	4	148,087	6
1535	Financial assets at amortised cost - non-current	6(4) and 8	2,939	-	2,939	-
1550	Investments accounted for using equity method	6(7)	-	-	6,644	-
1600	Property, plant and equipment	6(8)	485,106	16	355,893	15
1755	Right-of-use assets	6(9)	95,726	3	93,797	4
1760	Investment property, net	6(11)	49,724	2	51,405	2
1780	Intangible assets		31,831	1	7,623	-
1840	Deferred income tax assets	6(27)	50,786	2	25,212	1
1900	Other non-current assets	6(12) and 7	9,373	-	61,615	3
15XX	**Non-current assets**		825,940	28	753,215	31
1XXX	**Total assets**		$ 2,967,228	100	$ 2,419,101	100

(Continued)

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

	Liabilities and Equity	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current liabilities					
2130	Contract liabilities - current	6(20)	$ 8,616	-	$ 2,256	-
2150	Notes payable		1,905	-	1,873	-
2170	Accounts payable		199,716	7	113,892	5
2200	Other payables	6(13)	102,503	4	51,986	2
2230	Current income tax liabilities		4,436	-	1,487	-
2250	Current provisions		11,004	-	5,200	-
2280	Lease liabilities - current		16,185	1	13,813	1
2300	Other current liabilities		2,850	-	2,618	-
21XX	**Current Liabilities**		347,215	12	193,125	8
	Non-current liabilities					
2570	Deferred income tax liabilities	6(27)	5,612	-	3,926	-
2580	Lease liabilities - non-current		82,051	3	82,087	4
2600	Other non-current liabilities		1,714	-	1,714	-
25XX	**Non-current liabilities**		89,377	3	87,727	4
2XXX	**Total Liabilities**		436,592	15	280,852	12
	Equity					
	Share capital	6(16)				
3110	Share capital - common stock		1,036,406	35	986,406	41
	Capital surplus	6(17)				
3200	Capital surplus		1,439,857	49	1,017,177	42
	Retained earnings	6(18)				
3310	Legal reserve		136,341	5	135,135	6
3320	Special reserve		221,187	7	168,227	7
3350	(Accumulated deficit) Unappropriated retained earnings		(81,442)	(3)	54,166	2
	Other equity interest	6(19)				
3400	Other equity interest		(221,713)	(8)	(222,862)	(10)
3XXX	**Total equity**		2,530,636	85	2,138,249	88
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 2,967,228	100	$ 2,419,101	100

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

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

	Items	Notes	2024 AMOUNT	2024 %	2023 AMOUNT	2023 %
4000	Sales revenue	6(20) and 7	$ 1,363,877	100	$ 1,271,745	100
5000	Operating costs	6(6)(25)(26)	(1,184,721)	(87)	(1,093,928)	(86)
5900	Net operating margin		179,156	13	177,817	14
	Operating expenses	6(25)(26)				
6100	Selling expenses		(29,349)	(2)	(29,094)	(2)
6200	General and administrative expenses		(96,395)	(7)	(98,936)	(8)
6300	Research and development expenses		(146,640)	(11)	(109,775)	(9)
6450	Expected credit gains (losses)	12(2)	(148)	-	1,742	-
6000	Total operating expenses		(272,532)	(20)	(236,063)	(19)
6900	Operating loss		(93,376)	(7)	(58,246)	(5)
	Non-operating income and expenses					
7100	Interest income	6(21)	13,496	1	5,948	-
7010	Other income	6(22)	12,150	1	18,409	1
7020	Other gains and losses	6(7)(23)	15,465	1	49,271	4
7050	Finance costs	6(24)	(2,603)	-	(5,440)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	(1,664)	-	(4,240)	-
7000	Total non-operating income and expenses		36,844	3	63,948	5
7900	**Profit (loss) before income tax**		(56,532)	(4)	5,702	-
7950	Income tax benefit	6(27)	8,260	-	6,356	1
8200	**Profit (loss) for the year**		($ 48,272)	(4)	$ 12,058	1
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gain (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(19)	($ 47,501)	(3)	($ 44,177)	(3)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(19)	19,350	1	(13,072)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(19)(27)	(3,870)	-	2,614	-
8300	**Other comprehensive loss for the year**		($ 32,021)	(2)	($ 54,635)	(4)
8500	**Total comprehensive loss for the year**		($ 80,293)	(6)	($ 42,577)	(3)
	Profit (loss), attributable to:					
8610	Owners of parent		($ 48,272)	(4)	$ 12,058	1
	Comprehensive loss attributable to:					
8710	Owners of parent		($ 80,293)	(6)	($ 42,577)	(3)
	Basic earnings (loss) per share	6(28)				
9750	Basic earnings (loss) per share		($ 0.48)		$ 0.13	
	Diluted earnings (loss) per share	6(28)				
9850	Diluted earnings (loss) per share		($ 0.48)		$ 0.13	

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

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

		Equity attributable to owners of the parent							
				Retained earnings			Other equity interest		
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
2023									
Balance at January 1, 2023		$ 883,366	$ 555,581	$ 130,433	$ 170,586	$ 88,764	($ 31,436)	($ 136,791)	$ 1,660,503
Profit for the year		-	-	-	-	12,058	-	-	12,058
Other comprehensive loss for the year		-	-	-	-	-	(10,458)	(44,177)	(54,635)
Total comprehensive income (loss)		-	-	-	-	12,058	(10,458)	(44,177)	(42,577)
Appropriation and distribution of 2022 earnings:	6(18)								
Legal reserve		-	-	4,702	-	(4,702)	-	-	-
Special reserve		-	-	-	(2,359)	2,359	-	-	-
Cash dividends		-	-	-	-	(44,313)	-	-	(44,313)
Convertible corporate bond conversion	6(16)(17)	3,040	3,852	-	-	-	-	-	6,892
Cash capital increase	6(16)(17)	100,000	428,000	-	-	-	-	-	528,000
Share-based payments	6(15)(17)(26)	-	29,744	-	-	-	-	-	29,744
Balance at December 31, 2023		$ 986,406	$ 1,017,177	$ 135,135	$ 168,227	$ 54,166	($ 41,894)	($ 180,968)	$ 2,138,249
2024									
Balance at January 1, 2024		$ 986,406	$ 1,017,177	$ 135,135	$ 168,227	$ 54,166	($ 41,894)	($ 180,968)	$ 2,138,249
Loss for the year		-	-	-	-	(48,272)	-	-	(48,272)
Other comprehensive income (loss) for the year		-	-	-	-	-	15,480	(47,501)	(32,021)
Total comprehensive income (loss)		-	-	-	-	(48,272)	15,480	(47,501)	(80,293)
Appropriation and distribution of 2023 earnings	6(18)								
Legal reserve		-	-	1,206	-	(1,206)	-	-	-
Special reserve		-	-	-	52,960	(52,960)	-	-	-
Issuance of shares	6(16)(17)	50,000	472,000	-	-	-	-	-	522,000
Cash dividends from capital surplus	6(17)	-	(49,320)	-	-	-	-	-	(49,320)
Disposal of financial assets or liabilities at fair value through other comprehensive income	6(3)(19)	-	-	-	-	(33,170)	-	33,170	-
Balance at December 31, 2024		$ 1,036,406	$ 1,439,857	$ 136,341	$ 221,187	($ 81,442)	($ 26,414)	($ 195,299)	$ 2,530,636

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

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

	Notes	Year ended December 31 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 56,532)	$ 5,702
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(11)(25)	100,351	95,241
Amortisation expense	6(25)	13,945	3,013
Expected credit losses (gains)	12(2)	148	(1,742)
Net gain on financial assets or liabilities at fair value through profit or loss	6(23)	(1,620)	(47,600)
Interest expense	6(24)	2,603	5,440
Interest income	6(21)	(13,496)	(5,948)
Dividend income	6(3)(22)	(4,500)	(15,223)
Share-based payments	6(15)(26)	-	29,744
Share of profit of associates accounted for using equity method	6(7)	1,664	4,240
Loss on disposals of property, plant and equipment	6(23)	524	3,275
Loss on disposals of investments	6(23)	4,500	-
Impairment losses on investment accounted for using equity method	6(23)	-	3,790
Reversal of impairment loss on property, plant and equipment	6(8)(23)	(689)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(1,820)	(549)
Accounts receivable (including related parties)		(3,551)	54,209
Other receivables (including related parties)		326	6,779
Inventories		(43,046)	98,142
Other current assets		(30,262)	(7,532)
Changes in operating liabilities			
Contract liabilities		6,360	(3,833)
Notes payable		32	327
Accounts payable (including related parties)		82,717	(15,744)
Provisions		5,804	5,200
Other payables		19,160	(14,961)
Other current liabilities		391	951
Cash inflow generated from operations		83,009	202,921
Dividends received	6(3)	4,500	15,223
Income taxes paid		(17,804)	(25,541)
Net cash flows from operating activities		69,705	192,603

(Continued)

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

	Notes	Year ended December 31 2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss		$ 168,970	$ -
Proceeds from disposal of financial assets or liabilities at fair value through other comprehensive income	6(3)	611	-
Acquisition of property, plant and equipment	6(29)	(181,620)	(55,462)
Proceeds from disposal of property, plant and equipment		353	1,158
Acquisition of intangible assets		(34,997)	(6,092)
Decrease (increase) in guarantee deposits paid		4,363	(1,861)
Decrease (increase) in prepayments for equipment		46,786	(49,065)
Decrease (increase) in other non-current assets		1,093	(1,248)
Interest received		13,260	5,257
Net cash flows from (used in) investing activities		18,819	(107,313)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(30)	-	460,000
Decrease in short-term loans	6(30)	-	(640,000)
Payments of lease liabilities	6(30)	(16,828)	(21,294)
Cash dividends paid	6(18)(29)	(49,293)	(44,313)
Cash capital increase	6(16)	522,000	528,000
Interest paid		(2,603)	(5,465)
Net cash flows from financing activities		453,276	276,928
Effect of exchange rate changes		14,901	(10,434)
Net increase in cash and cash equivalents		556,701	351,784
Cash and cash equivalents at beginning of year		913,040	561,256
Cash and cash equivalents at end of year		$ 1,469,741	$ 913,040

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

YEARS ENDED DECEMBER 31, 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 authorized for issuance by the Board of Directors on February 20, 2025.

3. Application of New Standards, Amendments and Interpretations

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

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

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

The above standards and interpretations have no significant impact to the 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 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete:

IFRS 18, 'Presentation and disclosure in financial statements'

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

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", 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").

(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 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:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

B. Subsidiaries included in the consolidated financial statements:

			Ownership(%)	
Name of investor	Name of subsidiary	Main business activities	December 31, 2024	December 31, 2023
FOCI Fiber Optic Communications, Inc.	FIOPTEC Inc.	Investment business	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%

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

C. Subsidiaries not included in the consolidated finan cial 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) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

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

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

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

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

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

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

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

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

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

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

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

(9) Financial assets at amortized cost

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

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

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

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

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

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

(10) Accounts and notes receivable

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

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

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

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

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

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

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

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

(14) Inventories

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

(15) Investments accounted for using equity method / associates

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

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

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

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

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

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

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

(16) Property, plant and equipment

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

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

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

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

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

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

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

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

Lease payments are comprised of the following:

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

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

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

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

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

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

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

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

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

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

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

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

(18) Investment property

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

(19) Intangible assets

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

(20) Impairment of non-financial assets

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

(21) Notes and accounts payable

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

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

(22) Convertible bonds payable

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

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

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

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

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

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

(23) Derecognition of financial liabilities

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

(24) Non-hedging and embedded derivatives

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

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

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

(25) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Employees' compensation and directors' remuneration

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

(26) Employee share-based payment

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

(27) Income tax

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

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

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

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

(28) Share capital

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

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

(29) Dividends

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

(30) Revenue recognition

A. Sales of goods

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

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

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

B. Incremental costs of obtaining a contract

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

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

As of December 31, 2024, the carrying amount of inventories was $287,857.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and petty cash	$ 308	$ 356
Checking accounts and demand deposits	270,203	193,236
Time deposits	1,199,230	719,448
Total	$ 1,469,741	$ 913,040

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

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

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

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

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

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

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

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

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

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

(4) Financial assets at amortized cost

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

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

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

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

	December 31, 2024	December 31, 2023
Notes receivable	$ 2,461	$ 641
Accounts receivable - general customers	282,548	277,274
Accounts receivable -related parties	-	1,391
	285,009	279,306
Less: Allowance for uncollectible accounts	(84)	(79)
	$ 284,925	$ 279,227

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

	December 31, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 257,061	$ 2,461	$ 256,348	$ 641
Up to 30 days	17,821	-	11,940	-
31 to 90 days	6,457	-	9,960	-
91 to 180 days	1,018	-	150	-
Over 181 days	191	-	267	-
	$ 282,548	$ 2,461	$ 278,665	$ 641

The above ageing analysis was based on past due date.

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

C. As of December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was $2,461 and $641; $282,464 and $278,586, respectively.

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

(6) Inventories

	December 31, 2024	December 31, 2023
Finished goods	$ 193,987	$ 198,885
Work in progress	35,165	16,090
Raw materials	102,646	69,275
Subtotal	331,798	284,250
Allowance for inventory valuation losses	(43,941)	(41,111)
Total	$ 287,857	$ 243,139

The cost of inventories recognized as expense for the period:

Items	Years ended December 31, 2024	Years ended December 31, 2023
Cost of goods sold	$ 1,177,591	$ 1,098,868
Loss (gain on reversal of) on decline in market value	1,897	(8,781)
Loss on scrapping inventory	3,552	1,718
Lease cost	1,681	2,123
	$ 1,184,721	$ 1,093,928

For the year ended December 31, 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

	December 31, 2024	December 31, 2023
BKS TEC Corp.	$ -	$ 6,644

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:

	Years ended December 31, 2024	Years ended December 31, 2023
Loss for the period from continuing operations	($ 1,664)	($ 4,240)
Other comprehensive loss, net of tax	-	-
Total comprehensive loss for the period	($ 1,664)	($ 4,240)

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 recognized.

C. On December 31, 2023, the Group held 11.07% equity interests in BKS TEC Corp. and held 1 seat in the Board of Directors, 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
Cost								
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 year	4,317	59,008	19,102	-	3,489	4,894	118,206	209,016
Disposals for the year	(20,549)	(33,070)	(11,462)	-	(1,338)	(613)	-	(67,032)
Reclassifications in the year	-	11,385	2,000	-	-	-	(13,385)	-
Translation adjustments	628	2,746	-	67	145	907	-	4,493
At December 31	$ 377,158	$ 325,936	$ 102,781	$ 1,951	$ 8,713	$ 30,056	$ 118,206	$ 964,801
Accumulated depreciation and impairment								
At January 1	$ 195,090	$ 199,720	$ 43,616	$ 1,038	$ 5,326	$ 17,641	$ -	$ 462,431
Depreciation expense for the year	13,683	40,676	24,311	142	544	1,920	-	81,276
Disposals for the year	(20,549)	(32,343)	(11,462)	-	(1,280)	(519)	-	(66,153)
Reclassifications in the year	-	(689)	-	-	-	-	-	(689)
Translation adjustments	616	1,415	-	37	127	635	-	2,830
Closing net book amount as at December 31	188,840	208,779	56,465	1,217	4,717	19,677	-	479,695
Net amount	$ 188,318	$ 117,157	$ 46,316	$ 734	$ 3,996	$ 10,379	$ 118,206	$ 485,106

	2023							
	Buildings and structures	Machinery and equipment	Research and development equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction and equipment under acceptance	Total
Cost								
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 year	7,979	3,599	30,493	-	-	167	13,385	55,623
Disposals for the year	(24,285)	(2,067)	(5,846)	(590)	(851)	(202)	-	(33,841)
Reclassifications in the year	1,473	(8,301)	(8,691)	-	-	17,388	-	1,869
Translation adjustments	(430)	(1,594)	-	(39)	(87)	(433)	-	(2,583)
At December 31	$ 392,762	$ 285,867	$ 93,141	$ 1,884	$ 6,417	$ 24,868	$ 13,385	$ 818,324
Accumulated depreciation and impairment								
At January 1	$ 198,756	$ 169,766	$ 41,555	$ 1,327	$ 5,574	$ 3,360	$ -	$ 420,338
Depreciation expense for the year	16,503	36,662	17,456	242	493	1,414	-	72,770
Disposals for the year	(20,245)	(1,985)	(5,846)	(510)	(666)	(176)	-	(29,428)
Reclassifications in the year	499	(3,893)	(9,549)	-	-	13,340	-	397
Translation adjustments	(423)	(830)	-	(21)	(75)	(297)	-	(1,646)
Closing net book amount as at December 31	195,090	199,720	43,616	1,038	5,326	17,641	-	462,431
Net amount	$ 197,672	$ 86,147	$ 49,525	$ 846	$ 1,091	$ 7,227	$ 13,385	$ 355,893

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:

	December 31, 2024		December 31, 2023	
	Carrying amount		Carrying amount	
Land	$	70,281	$	72,650
Buildings		24,772		19,069
Transportation equipment (Business vehicles)		673		2,078
	$	95,726	$	93,797

	Years ended December 31,			
	2024		2023	
	Depreciation charge		Depreciation charge	
Land	$	2,369	$	2,369
Buildings		13,619		16,221
Transportation equipment (Business vehicles)		1,406		1,426
Research and development equipment		-		332
	$	17,394	$	20,348

C. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were $19,390 and $17,756, respectively.

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

	Years ended December 31,			
	2024		2023	
Items affecting profit or loss				
Interest expense on lease liabilities	$	1,976	$	2,001
Expense on short-term lease contracts		1,167		790
Expense on leases of low-value assets		276		327
Total	$	3,419	$	3,118

E. For the years ended December 31, 2024 and 2023, the Group’s total cash outflow for leases were $20,247 and $24,412, 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 years ended December 31, 2024 and 2023, the Group recognized rent income in the amounts of $10,530 and $10,528, respectively, based on the operating lease agreement, which does not include variable lease payments.

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

	December 31, 2024	December 31, 2023
Not later than one year	$ 4,051	$ 10,169
Later than one year but not later than five years	223	4,035
Total	$ 4,274	$ 14,204

(11) Investment property

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

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

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

B. The fair value of the investment property held by the Group as at December 31, 2024 and 2023, was $92,074 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:

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

(12) Other non-current assets

	December 31, 2024	December 31, 2023
Prepayments for business facilities	$ 5,699	$ 52,485
Guarantee deposits paid	3,036	7,399
Other assets	638	1,731
	$ 9,373	$ 61,615

(13) Other payables

	December 31, 2024	December 31, 2023
Salaries and bonuses payable	$ 34,839	$ 28,559
Payable on equipment	32,653	5,257
Dividends payable	27	-
Others	34,984	18,170
	$ 102,503	$ 51,986

(14) Pensions

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

B. The 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 years ended December 31, 2024 and 2023 was 15% ~ 20%. Other than the monthly contributions, the Group has no further obligations.

C. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2024 and 2023 were $21,661 and $18,931, respectively.

(15) Share-based payment

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

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

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

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

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

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

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

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

(16) Share capital

A. As of December 31, 2024, the Company’s authorized capital was $1,800,000, consisting of 180,000 thousand shares of ordinary stock (including 6,000 thousand shares reserved for employee stock options), and the paid-in capital was $1,036,406 with a par value of NT$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2024 (in thousands)	2023 (in thousands)
At January 1	98,641	88,337
Cash capital increase	5,000	10,000
Convertible bonds converted to ordinary shares	-	304
At December 31	103,641	98,641

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

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

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

(17) Capital surplus

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

	2024			
	Share premium	Changes in ownership interests in subsidiaries	Gains on disposals of fixed assets and others	Total
At January 1	$ 1,015,144	$ 1,775	$ 258	$ 1,017,177
Capital surplus distributed as cash	(49,320)	-	-	(49,320)
Cash capital increase	472,000	-	-	472,000
At December 31	$ 1,437,824	$ 1,775	$ 258	$ 1,439,857

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

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be appropriated in the following orders:

(a) Pay all taxes;

(b) Cover prior years' losses;

(c) Set aside 10% as legal reserve (unless the legal reserve has reached the total capital);

(d) Set aside or reverse special reserve as required by regulations;

(e) The remainder, if any, along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and be resolved by the shareholders.

B. The Board of Directors of the Company may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends, bonus, legal reserve, or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting.

C. The Company's dividend policy is set up in accordance with the Company Act and the Company's Articles of Incorporation, and in consideration of factors including the Company's capital and financial structure, operational condition, earnings, and the industry's nature and cycle, etc. Suppose the Company has a surplus in its final annual accounts, and the distributable surplus reaches 2% of the paid-in capital. In that case, the dividend distribution shall not be less than 10% of the distributable surplus. Cash dividends are preferred in the distribution of earnings, but stock dividends can also be distributed on the basis that the distribution ratio of stock dividends is no higher than 50% of total dividends of the year.

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

E. Legal reserve shall be set aside until its balance reaches the Company's total paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of its paid-in capital, the excess may be transferred to capital or distributed in cash.

F. The Board of Directors on February 23, 2023 and the 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	-	(47,501)	(47,501)
Revaluation transferred to retained earnings – gross	-	33,170	33,170
Currency translation differences – Group:			
–Group	19,350	-	19,350
–Tax on Group	(3,870)	-	(3,870)
At December 31	($ 26,414)	($ 195,299)	($ 221,713)

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

(20) Operating revenue

	Years ended December 31, 2024	Years ended December 31, 2023
Revenue from contracts with customers	$ 1,353,347	$ 1,261,217
Others－lease revenue	10,530	10,528
Total	$ 1,363,877	$ 1,271,745

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:

Year ended December 31, 2024	Taiwan	China	America	Asia	Other regions	Total
Revenue from external customer contracts	$155,361	$41,788	$1,060,644	$ 73,781	$ 21,773	$ 1,353,347

Year ended December 31, 2023	Taiwan	China	America	Asia	Other regions	Total
Revenue from external customer contracts	$177,198	$66,918	$ 852,685	$133,098	$ 31,318	$ 1,261,217

B. Contract assets and liabilities

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

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

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

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

(21) Interest income

	Years ended December 31, 2024	Years ended December 31, 2023
Interest income from bank deposits	$ 13,448	$ 5,925
Interest income from financial assets measured at amortised cost	48	23
	$ 13,496	$ 5,948

(22) Other income

	Years ended December 31,	
	2024	2023
Dividend income	$ 4,500	$ 15,223
Other income, others	7,650	3,186
	$ 12,150	$ 18,409

(23) Other gains and losses

	Years ended December 31,	
	2024	2023
Losses on disposals of property, plant and equipment	($ 524)	($ 3,275)
Losses on disposals of investments	(4,500)	-
Foreign exchange gains	19,194	8,716
Gains on financial assets and liabilities at fair value through profit or loss	1,620	47,600
Impairment loss of investments accounted for using equity method	-	(3,790)
Reversal of impairment loss recognised in profit or loss, property, plant and equipment	689	-
Other gains and losses	(1,014)	20
	$ 15,465	$ 49,271

(24) Finance costs

	Years ended December 31,	
	2024	2023
Interest expense	$ 2,603	$ 5,440

(25) Expenses by nature

	Years ended December 31,	
	2024	2023
Employee benefit expense	$ 388,053	$ 369,856
Depreciation charges	100,351	95,241
Amortization charges	13,945	3,013
	$ 502,349	$ 468,110

(26) Employee benefit expense

	Years ended December 31,	
	2024	2023
Wages and salaries	$ 319,696	$ 279,532
Share-based payments	-	29,744
Director' remuneration	3,797	3,790
Labour and health insurance fees	21,499	19,613
Pension costs	21,661	18,931
Other personnel expenses	21,400	18,246
	$ 388,053	$ 369,856

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

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

(a) Components of income tax benefit:

	Years ended December 31,	
	2024	2023
Current tax:		
Current tax on profits for the year	$ 17,164	$ 4,419
Prior year income tax underestimation	2,334	2,369
Total current tax	19,498	6,788
Deferred tax:		
Origination and reversal of temporary differences	(27,758)	(13,144)
Total deferred tax	(27,758)	(13,144)
Income tax benefit	($ 8,260)	($ 6,356)

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

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

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

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate (Note)	($ 1,168)	$ 7,355
Expenses disallowed by tax regulation	89	(11,557)
Temporary differences not recognised as deferred tax assets	1,847	-
Effect from investment tax credits	(11,362)	(4,963)
Change in assessment of realisation of deferred tax assets	-	440
Prior year income tax (over) underestimation	2,334	2,369
Income tax benefit	($ 8,260)	($ 6,356)

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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

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

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

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

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

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

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

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

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

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

(28) Earnings per share

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

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

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2024	2023
Purchase of property, plant and equipment	$ 209,016	$ 55,623
Add: Opening balance of payable on equipment	5,257	5,096
Less: Ending balance of payable on equipment	(32,653)	(5,257)
Cash paid during the year	$ 181,620	$ 55,462

B. Financing activities with partial cash payments:

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

(30) Changes in liabilities from financing activities

	2024	
	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 95,900	$ 95,900
Changes in cash flow from financing activities	(16,828)	(16,828)
Interest payments	(1,976)	(1,976)
Amortisation charges on interest expenses	1,976	1,976
Changes in other non-cash items	18,613	18,613
Impact of changes in foreign exchange rate	551	551
At December 31	$ 98,236	$ 98,236

	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	(180,000)	-	(21,294)	(201,294)
Interest payments	-	-	(2,001)	(2,001)
Amortisation charges on interest expenses	-	62	2,001	2,063
Changes in other non-cash items	-	(6,891)	17,756	10,865
Impact of changes in foreign exchange rate	-	-	(389)	(389)
At December 31	$ -	$ -	$ 95,900	$ 95,900

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:

	Years ended December 31,	
	2024	2023
Sales of goods:		
BKS TEC Corp.	$ 189	$ 3,858

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

B. Purchases:

	Years ended December 31,	
	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:

	December 31, 2024	December 31, 2023
Accounts receivable:		
BKS TEC Corp.	$ -	$ 1,391
Other receivables - current:		
BKS TEC Corp.	$ -	$ 1,856
Lease payments receivable - non current:		
BKS TEC Corp.	$ -	$ 1,731

The receivables from related parties arise mainly from sale of 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, the Group accounted its lease payments receivable as other receivables and other non-current assets in the amounts of $1,380 and $1,731, respectively.

(3) Key management compensation

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

8. Pledged Assets

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

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

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

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On February 20, 2025, the Board of Directors of the Company resolved:

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

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

12. Others

(1) Capital management

The 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

	December 31, 2024	December 31, 2023
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 43,050	$ 210,400
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	100,455	148,087
Financial assets at amortised cost		
Cash and cash equivalents	1,469,741	913,040
Notes receivable	2,461	641
Accounts receivable (including related parties)	282,464	278,586
Other receivables (including related parties)	10,558	5,518
Financial assets at amortised cost	2,939	2,939
Guarantee deposits paid	3,036	7,399
	$ 1,914,704	$ 1,566,610

	December 31, 2024	December 31, 2023
Financial liabilities		
Financial liabilities at amortised cost		
Notes payable	$ 1,905	$ 1,873
Accounts payable (including related parties)	199,716	113,892
Other payables	102,503	51,986
Guarantee deposits received	1,714	1,714
	$ 305,838	$ 169,465
Lease liability	$ 98,236	$ 95,900

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 minimize potential adverse effects from markets on the Group'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:

	December 31, 2024		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 10,454	32.77	$ 342,578
USD:RMB	8,826	7.31	289,228
Non-monetary items			
USD:NTD	$ 9,717	32.77	$ 318,438
Financial liabilities			
Monetary items			
USD:NTD	$ 7,599	32.77	$ 249,019
USD:RMB	1,606	7.31	52,629
Non-monetary items: None.			

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

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 years ended December 31, 2024 and 2023 amounted to $19,194 and $8,716, respectively.

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

	Year ended December 31, 2024		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 3,426	$ -
USD:RMB	1%	2,892	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 2,490)	$ -
USD:RMB	1%	(526)	-

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 3,513	$ -
USD:RMB	1%	2,918	-
Financial liabilities			
Monetary items			
USD:NTD	1%	(2,947)	$ -
USD:RMB	1%	(860)	-

(b) 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 years ended December 31, 2024 and 2023 would have increased/decreased by $475 and $1,900, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $2,958 and $3,291, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(c) 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 December 31, 2024 and 2023, the provision matrix is as follows:

	Not past due	Up to 30 days	31~90 days	91~180 days	Over 180 days	Total
At December 31, 2024						
Expected loss rate	0.03%	0.03%	0.03%	0.03%-46.31%	0.03%-100%	
Total book value	$ 259,522	$ 17,821	$ 6,457	$ 1,018	$ 191	$ 285,009
Loss allowance	($ 77)	($ 5)	($ 2)	$ -	$ -	($ 84)

	Not past due	Up to 30 days	31~90 days	91~180 days	Over 180 days	Total
At December 31, 2023						
Expected loss rate	0.03%	0.03%	0.03%	0.03%-46.31%	0.03%-100%	
Total book value	$ 256,989	$ 11,940	$ 9,960	$ 150	$ 267	$ 279,306
Loss allowance	($ 73)	($ 4)	($ 2)	$ -	$ -	($ 79)

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	2023
	Accounts receivable	Accounts receivable
At January 1	$ 79	$ 1,896
Write-offs during the period	(143)	(75)
Provision for impairment	148	(1,742)
At December 31	$ 84	$ 79

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.

(d) 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:

	December 31, 2024	December 31, 2023
Floating rate:		
Expiring within one year	$ 748,906	$ 508,183

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 December 31, 2024	Immediate payment or less than 1 month	Between 1 and 3 month(s)	Between 3 months and 1 year	Between 1 and 5 year(s)	Over 5 years	Total
Non-derivative financial liabilities						
Notes payable	$ 15	$ -	$ 1,890	$ -	$ -	$ 1,905
Accounts payable	57,271	121,186	21,259	-	-	199,716
Other payables	49,346	28,657	24,500	-	-	102,503
Lease liability	1,517	2,986	13,212	23,263	72,177	113,155

Derivative financial liabilities:None.

At December 31, 2023	Immediate payment or less than 1 month	Between 1 and 3 month(s)	Between 3 months and 1 year	Between 1 and 5 year(s)	Over 5 years	Total
Non-derivative financial liabilities						
Notes payable	$ 28	$ -	$ 1,845	$ -	$ -	$ 1,873
Accounts payable	59,858	48,441	5,593	-	-	113,892
Other payables	30,385	14,468	7,133	-	-	51,986
Lease liability	2,688	5,375	16,268	12,888	75,103	112,322

Derivative financial liabilities:None.

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the 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 December 31, 2024 and 2023, are as follows:

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

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed stocks	$ 43,050	$ -	$ -	$ 43,050
Financial assets at fair value through other comprehensive income				
Emerging stocks	24,290	-	-	24,290
Unlisted stocks	-	-	76,165	76,165
	$ 67,340	$ -	$ 76,165	$ 143,505
Liabilities				
Recurring fair value measurements: None.				

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed stocks	$ 210,400	$ -	$ -	$ 210,400
Financial assets at fair value through other comprehensive income				
Emerging stocks	30,658	-	-	30,658
Unlisted stocks	-	-	117,429	117,429
	$ 241,058	$ -	$ 117,429	$ 358,487
Liabilities				
Recurring fair value measurements: None.				

(b) The methods and assumptions the 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:

	Listed stock and Emerging stocks
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 years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2024 and 2023:

	2024	2023
	Financial instruments	Financial instruments
At January 1	$ 117,429	$ 155,995
Reclassification from investments accounted for using equity method	480	-
Gain or loss recognized in other comprehensive income	(41,744)	(38,566)
At December 31	$ 76,165	$ 117,429

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

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

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

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 29,616	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares	124	Market comparable companies	Discount for lack of marketability	20.50%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	39,988	Income approach	Discount for lack of marketability and discount for lack of control	15.70% 21.50%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value
Unlisted shares	47,701	Income approach	Discount for lack of marketability and discount for lack of control	32.28% 21.20%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value

J. The 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.

	Years ended December 31, 2024	Years ended December 31, 2023
Revenue from external customers	$ 1,363,877	$ 1,271,745
Segment (loss) income	($ 48,272)	$ 12,058
	December 31, 2024	December 31, 2023
Segment assets (Note)	$ 2,766,962	$ 2,025,064

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

(3) Information on products and services

The details of the income balance are as follows:

	Years ended December 31, 2024	Years ended December 31, 2023
Sales revenue	$ 1,353,347	$ 1,261,217
Royalty income	10,530	10,528
	$ 1,363,877	$ 1,271,745

(4) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 165,891	$ 543,028	$ 187,726	$ 499,505
Mainland China	41,788	128,732	66,918	70,828
America	1,060,644	-	852,685	-
Others	95,554	-	164,416	-
Total	$ 1,363,877	$ 671,760	$ 1,271,745	$ 570,333

(5) Major customer information

Major customer information of the Group for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue
Customer C	$ 975,971	72%	$ 757,372	60%

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2024

Table 1

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

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2024 (Note 2)	Balance at December 31, 2024	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for creditor counterparty doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Jiangxi FOCI Fiber Optic Communication, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	Other receivables due from related parties	Yes	$ 98,604 (CNY 22,000)	-	-	3.35-3.45	Short-term financing	$ -	Opertations	-	-	-	$ 11,001 (Note 4)	$ 11,001 (Note 4)	

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

(1) The Company is '0'.

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

Note 2: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2024

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

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

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

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1) The Company is '0'.
(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Ceiling on total amount of endorsements/guarantees provided by the Company shall not exceed 50% of its current net assets. Limit on endorsements/guarantees provided for a single party shall not exceed 20% of its current net assets, and for a single foreign affiliated company shall not exceed 30% of net assets.
If the endorsements/guarantees are provided because of having business relationship, the amount of endorsements/guarantees shall not exceed the total transaction amount with the Company in the latest year.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

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

Year ended December 31, 2024

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

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

Year ended December 31, 2024

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance at December 31, 2024	Percentage of total notes/accounts receivable (payable)	Footnote
The Company	Shanghai FOCI Fiber Optic Communications, Inc.	Subsidiary	Purchase	$ 396,127	28.56%	60 days	Note 1	Note 1	($ 75,445)	31.09%	
The Company	Shanghai FOCI Fiber Optic Communications, Inc.	Subsidiary	Sales	102,761	6.25%	60 days	Note 2	Note 2	5,280	1.63%	
The Company	Zhongshan FOCI Fiber Optic Communications, Inc.	Subsidiary	Purchase	568,267	40.96%	60 days	Note 1	Note 1	(136,976)	56.44%	
The Company	Zhongshan FOCI Fiber Optic Communications, Inc.	Subsidiary	Sales	228,316	13.88%	60 days	Note 2	Note 2	46,197	14.25%	

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

Note 2: The products sold by the Company to related parties have not been sold to other 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

Year ended December 31, 2024

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Information on investees

Year ended December 31, 2024

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2024

Table 8

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

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2024: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2024: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2024 (Note 3)	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
Shanghai FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	USD 7,200	Note 1	$ 239,388 (USD 7,200)	$ -	$ -	$ 239,388 (USD 7,200)	$ 28,319	100%	$ 28,319	$ 307,437	$ 140,586	Note 4
Jiangxi FOCI Fiber Optic Communication, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	USD 2,000	Note 1	149,616 (USD 5,000)	-	97,560 (USD 3,000)	52,056 (USD 2,000)	2,059	100%	2,059	11,001	-	Note 5
Zhongshan FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company's products	CNY 20,000	Note 2	-	-	-	-	19,116	100%	19,116	104,078	-	

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

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

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

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

Note 4: On 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 amounting to RMB 7,798 thousand, approximately NT$35,477 thousand. The amounts were actually paid on June 10, 2024.

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

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

Table 9

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

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

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

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

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

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

FOCI Fiber Optic Communications, Inc.

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Chairman: Song-fure Lin