

FOCI Fiber Optic Communications, Inc. 2024 Annual General Shareholders' Meeting Notice (Summary Translation)

- I. It is hereby scheduled to hold the Company's 2024 Annual General Shareholders' Meeting at 4F., No.1, Gongye E. 2nd Rd., East Dist., Hsinchu City 300, Taiwan (Hsinchu Science Park Life Hub - 4F Bach) at 9:00 am on May 30, 2024 (Thursday). The time for shareholders to register for this meeting is 8:30 am, and the registration place is the same as the meeting place.
- II. Items to be discussed: (1) Reporting items: 1. 2023 business report. 2. Audit Committee's review report. 3. To report the cash distribution from capital reserves of 2023. (2) Recognition items: 1. Acknowledgment of the 2023 Business Report and Financial Statements 2. Acknowledgment of the 2023 Earnings Distribution (3) Discussions items: 1. Discussion of amendments to the Company's 「Articles of Incorporation」. 2. The Company propose to conduct the private placement of common shares. (4) Election items: Re-election of directors. (5) Other motions: Discussion to approve the lifting of non-competition restrictions for directors
- III. The Board of the Company resolved distributing cash from capital reserve of 2023 and distributed NT\$0.5 per share. The cash distribution has been fully completed on March 29, 2024.
- IV. For the shareholders' meeting agenda, if there are matters stipulated in Article 172 of the Company Act or Article 26-1 of the Securities and Exchange Act, besides the convening notice, please log on to MOPS(URL: <https://mops.twse.com.tw>). Shareholders can visit the website to obtain the essential contents.
- V. Regarding the Company's private placement of common shares, please refer to relevant appendixes.
- VI. According to Article 165 of the Company Act, the change of shareholder register shall be suspended from April 1, 2024, to May 30, 2024. If you need to go through account opening procedures (submit your signature card), please contact the Stock Transfer Agency Department of Taishin Securities Co., Ltd.
- VII. If there is proxy solicitation, the Company shall compile an itemized statement of the solicited proxies before April 29, 2024 and disclose in Securities & Futures Institute at (URL: <https://free.sfi.org.tw>). Shareholders may visit and search by entering the criteria. The proxy verification is the Stock Transfer Agency Department of Taishin Securities Co., Ltd.
- VIII. The re-election of 7 directors, including 3 independent directors, will be held at this general shareholders' meeting. The candidates selected through the nomination system are: Directors - Song-fure Lin, Lee-chiou Chang, the representative of Wonderland Enterprise Co., Ltd. Hau Fang and Ting-ta Hu; Independent Directors - Li-jen Kuo, Tzu-ming Wang and Tien-chang Huang. For shareholders who desire to check the candidates' educational and professional backgrounds, please visit the "Announcement Inquiry" section of the Market Observation Post System (MOPS) at <https://mops.twse.com.tw>.
- IX. In addition to the announcement of the TWSE MOPS, a special letter is sent with a copy of the attendance card and power of attorney attached. If you decide to attend in person, please sign or stamp the third "Attendance Card" and bring it to the venue for registration on the meeting day (do not send it back). If you entrust a proxy to attend, please sign or seal the power of attorney. After filling and signing the agent's relevant documents, they should be delivered to the Stock Transfer Agency Department of Taishin Securities Co., Ltd. within five days prior to the calling of the Shareholders' Meeting.
- X. **Shareholders of this meeting can exercise their voting rights electronically. The exercise period is: from April 30, 2024, to May 27, 2024. Please log in to the "Shareholder eVoting " of Taiwan**

Depository & Clearing Corporation and vote according to the relevant instructions. (URL: <https://stockservices.tdcc.com.tw>)

XI. Those who attend the shareholders' meeting, please bring your identity documents for inspection.

XII. Please check and handle it.

Sincerely,

The Board of Directors of FOCI Fiber Optic Communications, Inc.

The meeting notice is a translation of the Chinese version for reference only. If there are any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

Appendix

The Company propose to conduct the private placement of common shares

Explanatory Notes:

- I. Purpose and amount of the capital raising: In order to attract strategic investors and strengthen the long-term cooperation relationship with strategic partners, and at the same time to enrich the Company's working capital to meet the capital needs of the Company's long-term development, it is motioned to the shareholders' meeting to authorize the Board of Directors to conduct a private placement of common shares of the Company within the limit of 10,000 thousand common shares, which will be divided into one to three installments within one year from the resolution date of the shareholders' meeting.
- II. Pursuant to Article 43-6 of the Securities and Exchange Act and the Directions for Public Companies Conducting Private Placements of Securities, matters related to the handling of the private placements are explained below :
 - (I) Basis and reasonableness of private placement pricing :
 1. The issue price is set at not less than 70% of the higher of the following two base prices :
 - (1) The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
 - (2) The simple average closing price of the common shares of the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.
 - (3) The actual pricing date and the actual private placement price shall be within the range of not less than the resolution of the shareholders' meeting, and the board of directors is authorized to decide based on the circumstances of the specific person in the future. However, the issuance price will not be less than 70% of the higher of the two prices calculated above. The Company appointed an independent expert, Accountant Chen Ci-jian of Sun Rising Certified Public Accountants, to issue an opinion on the basis and rationality of the pricing. Please refer to the appendix. The above issuance price was set with reference to relevant laws and regulations and the closing price of ordinary shares, in addition to taking into account the Company's operating conditions, future prospects and the three-year transfer restriction on the private placement securities under the Securities and Exchange Act, which should be reasonable.
 - (II) Method and purpose, necessity and expected benefits of a selection of specified persons :
 1. The private placement of common shares is limited to specified persons who meet the requirements of Article 43-6 of the Securities and Exchange Act and the Order Jing-Guan-Zheng-Fa-Zi No. 1120383220 of the Financial Supervisory Commission, dated September 12, 2023, and must be strategic investors.

2. Purpose, necessity and expected benefits of selecting strategic investors: In order to meet the needs of the Company's operation and development, the Company will select individuals or legal entities that can help the Company to enhance its technology, develop products, reduce costs, expand markets or strengthen customer relationships, etc., by leveraging on their experience, technology, knowledge, reputation or access to channels to strengthen the Company's competitiveness and enhance its operational efficiency and long-term development.
3. The Company has not yet decided on the agreed-upon places.

(III) Necessary reasons for conducting private placement :

1. Reasons for conducting non-public offering: Considering factors such as capital market conditions, effectiveness, issuance costs, the three-year non-transferable restriction on the private placement, the Company proposed to conduct a private placement instead of a public offering to ensure and strengthen the long-term relationship with its strategic investors.
2. The amount, use of funds, and estimated benefits of the private placement :
 - (1) The amount of private placement: Depending on the market and the status of the places contacted, the Company will conduct one to three private placements within one year from the date of the resolution of the shareholders' meeting. Regarding the number of shares of common shares to be issued in tranches as in the aforementioned private placement installments, at the time of each actual tranche of processing, all or part of the previously unissued shares or the number of shares expected to be subsequently issued may be issued together, provided that the total number of shares to be issued in the aggregate does not more than 10,000 thousand.
 - (2) Use of the each tranche funds raised in the private placement : Increasing the working capital and for capital needs related to future development.
 - (3) Benefits expected to be achieved by each tranche: Strengthening the Company's competitiveness, enhancing operational efficiency and improving overall shareholders' equity in light of the Company's long-term development.

III. In accordance with the " Directions for Public Companies Conducting Private Placements of Securities ", if there is a major change in managerial control from one year prior to the Board of Directors' resolution to conduct a private placement of securities and to one year after the date of delivery of the private placement securities, the securities underwriter should be contacted to issues an evaluation opinion on the necessity and reasonableness of conducting the private placement of securities. Within one year prior to the resolution of the Company's Board of Directors to issue private placement securities, the ratio of board seat change on the Board of Directors is one in seven. The Company will hold a general election of directors at the 2024 General Shareholders' Meeting. The Company's current issued shares are 98,640 thousand shares, and after the proposed private placement of 10,000 thousand shares, the number of privately placed shares is expected to account for 9.20% of the paid-in share capital. Although it is unlikely that more than one-third of the Board of

Directors will change, the Company has requested Taishin Securities Co., Ltd. to provide an opinion on the necessity and reasonableness of the private placement of common shares. Please refer to the appendix.

- IV. The rights and obligations of the privately placed common shares are, in principle, the same as those of the Company's outstanding common shares. However, pursuant to Article 43-8 of the Securities and Exchange Act, the common shares of the private placement shall not be freely transferable within three years after the issuance of the private placement shares, except to the transferees and the conditions set forth therein. Three years after the issuance date, the Board of Directors is authorized to apply to the competent authorities for a supplemental public capital raising and TPEX trading of the privately-placed common shares in light of the prevailing market conditions.
- V. For shareholders who desire to check the related information of private placement of common shares, please visit the “Market Observation Post System (MOPS) at <https://mops.twse.com.tw>. or the website : <http://www.foci.com.tw> of the Company.

FOCI Fiber Optic Communications, Inc.
Private Placement of Common Shares
Independent Expert Opinion on the Reasonableness of the Private Placement Price

I. Matters appointed

The account was appointed by FOCI Fiber Optic Communications, Inc. (hereinafter referred to as "FOCI"). The Board of Directors of FOCI intended to resolve on April 12, 2024, to approve the issuance of common shares by way of a private placement for cash capital increase, and the price of the private placement was set at a price of not less than 70% of the reference price on the pricing date. However, in accordance with the "Directions for Public Companies Conducting Private Placements of Securities," if the price of the private placement is less than 80% of the reference price on the pricing date, an independent expert should be consulted to express an opinion.

In accordance with the "Directions for Public Companies Conducting Private Placements of Securities" promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission, the accountant has issued an opinion on the basis for setting the private placement price for the common shares as a percentage of the reference price as proposed by FOCI and its reasonableness, has taken the necessary procedures to complete the evaluation, and the results of the evaluation are explained as follows:

II. FOCI's basic information

FOCI was established in the Republic of China (Taiwan) on June 14, 1995 and began operations in September of the same year. Its main business activities are the research and development, manufacturing, and sale of various fiber optic passive components, fiber optic test equipment, fiber optic application systems, and planning and design, consulting, and technical services of the integration of the above products and systems. On February 25, 2011, its shares were officially listed on the Taipei Stock Exchange (stock code 3363). From the audited and certified consolidated financial statements of FOCI for the last three years (2021, 2022 and 2023), the relevant financial information is as follows:

(I) Consolidated balance sheet

Unit : Thousands of New Taiwan dollars

Item \ Year	2021	2022	2023
Current assets	1,500,553	1,416,459	1,665,886
Non-current assets	826,955	761,470	753,215
Total assets	2,327,508	2,177,929	2,419,101
Current liabilities	465,879	430,268	193,125
Non-current liabilities	110,662	87,158	87,727
Total liabilities	576,541	517,426	280,852
Share capital	882,731	883,366	986,406
Capital surplus	554,756	555,581	1,017,177
Retained earnings	484,066	389,783	357,528
Other equity interest	(170,586)	(168,227)	(222,862)
Total equity	1,750,967	1,660,503	2,138,249
Total liabilities and equity	2,327,508	2,177,929	2,419,101
Net value per share (NT\$)	19.84	18.80	21.68

(II) Consolidated comprehensive income statement Unit : Thousands of New Taiwan dollars

Item \ Year	2021	2022	2023
Sales revenue	1,988,269	1,620,659	1,271,745
Operating costs	(1,533,623)	(1,323,529)	(1,093,928)
Operating margin	454,646	297,130	177,817
Operating expenses	(213,371)	(199,988)	(236,063)
Operating (loss) profit	241,275	97,142	(58,246)
Non-operating income and expenses	31,287	(24,466)	63,948
Profit before income tax	272,562	72,676	5,702
Income tax benefit (expense)	(70,918)	(25,655)	6,356
Profit for the year	201,644	47,021	12,058
Total other comprehensive (loss) income	(46,888)	2,359	(54,635)
Comprehensive (loss) income	154,756	49,380	(42,577)
Earnings per share (NT\$)	2.31	0.53	0.13

III. Evaluation approaches

Generally speaking, the evaluation of an equity investment is based on the selection of a suitable financial model according to the circumstances of the case. Currently, there are three widely used methods: the "asset approach", the "market approach", and the "income approach", among which "income approach" is also represented by "discounted cash flow approach". A brief description of each approach is as follows:

(1) **Asset approach:** The net value of the Company's balance sheet is used as the basis for valuation, and the fair value of the Company's assets and liabilities are reassessed, and the difference between the two is the company's value. However, the asset approach does not take into account the company's future profitability or business cycles, and it is more suitable for companies that are primarily based on the value of their assets, newly established companies, or companies in traditional industries.

(2) **Market approach:** The market approach is to estimate the reasonable value of a listed company from its price in the centralized trading market; or the market comparison approach is to use the market multiplier of a similar company, together with the financial condition of the appraised company to derive a reference value, and then adjust the discount or premium according to the characteristics of the appraised company to arrive at the company's value. This method uses public market-related company information with similar market and product mix, profitability and scale, and uses specific parameters, such as a certain multiple of past net value, future revenue or after-tax earnings, to evaluate the company.

Currently, the commonly used calculation methods of the market comparison approach are: "price-to-earnings ratio approach" and "price-to-book value ratio approach." The former is suitable for companies with stable risk levels, dividend policies and growth rates; the latter is more suitable for companies in industries with large profit fluctuations.

(3) **Discounted cash flow approach:** The discount rate is used to discount the future net cash flows of a company by taking into account the investment risk and the time value of money, i.e., the free cash flows of a company in future periods are discounted to get the present value, i.e., the value of the company. This approach is applicable to companies with stable profits or being growth-oriented.

IV. Selection of evaluation approaches

In principle, there is no perfect method for assessing the "equity value", but only the best estimate based on the available data.

Each of the above evaluation approaches has its own advantages and disadvantages. Since the net value of an enterprise cannot reasonably reflect the future profitability of the enterprise, the "asset approach" will not be used to evaluate the "investment value" of equity. In practice, it is not easy to use the "discounted cash flow approach" to estimate the profit or loss for the next few years, and the risk of uncertainty is relatively high. In addition, the future cash flow and discount rate are subjective estimates. Thus, to objectively assess the fair value of FOCI's equity, this approach is not used for evaluation.

Accordingly, for the following analysis, the "market approach" (the "market price approach", the "price-book ratio approach" and the "price to earnings ratio approach") will be used as the basis for this comprehensive assessment of the reasonableness of the private placement price, taking into account the restriction on the transfer of private placement shares for a period of three years and assigning a liquidity risk discount rate.

V. Reasonableness of private placement prices

(1) Reference price setting principles

1. Reference price

Pursuant to Article 43-6 of the Securities and Exchange Act and Paragraph 1, Article 2 of the "Directions for Public Companies Conducting Private Placements of Securities," the higher of the prices calculated by the following two bases shall be used for TWSE-listed or TPEX-listed companies: (1) The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. ; (2) The simple average closing price of the common shares of the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction. In addition, according to Article 4 of the "Directions for Public Companies Conducting Private Placements of Securities," the basis and reasonableness of the private placement price, the percentage of the reference price for which the price per share shall not be lower than, and the basis and reasonableness of the pricing method should be listed in the reasons for convening a shareholders' meeting and fully explained in the shareholders' meeting.

For the time being, the valuation base date (April 2, 2024) is used as the pricing date for the purpose of this opinion. The simple arithmetic average of the closing price of the common shares for one, three, or five business days prior to the pricing date, less the dividend of NT\$0.5, is NT\$105.00, NT\$99.00 and NT\$99.04, respectively. Thus, NT\$105.00 has been chosen as the basis for calculating the price. In addition, the simple arithmetic average of the closing price of the common shares for 30 business days prior to the pricing date, less the dividend of NT\$0.5, was NT\$112.09. Therefore, the higher of the two, NT\$112.09, was selected as the reference price for the private placement.

2. Private placement price, reference price ratio, and basis

In order to provide the Company with more flexibility in raising funds and to bring in strategic investors within a short period of time, a private placement is adopted. The main difference between a private placement and a public capital raising is that the liquidity of the securities is lower, which results in the private placement price being lower than the reference price. Therefore, FOCI intends to set the principle of "the private placement price should not be lower than 70% of the reference price" at the Board of Directors' meeting for the time being. However, it is yet for FOCI to list it in the reasons for convening the shareholders' meeting and fully explain it at the shareholders' meeting to comply with the provisions of Article 43-6 of the Securities and Exchange Act and "Directions for Public Companies Conducting Private Placements of Securities."

(2) Private placement price evaluation

1. Market approach

Since FOCI is a TPEX-listed company and has objective public market trading prices for reference, FOCI's recent public trading market prices were used for estimation, sampling on the average closing prices of 10, 20, and 30 business days prior to the valuation benchmark date of April 2, 2024 (excluding that date), and the average closing prices for each sampling period are listed below :

Unit: New Taiwan Dollar

Sampling period	Average closing price (Note)	Reference price range
Previous 10 business days	108.17	108.17~115.91
Previous 20 business days	115.91	
Previous 30 business days	112.59	

Source: Taipei Exchange's closing price information (2024/2/19~2024/4/1).

Note: The average closing price is calculated as a simple arithmetic average.

2. Price-book ratio approach

It is based on the total equity and the most recent number of common shares outstanding in FOCI's 2023 consolidated financial statements. After reviewing the domestic listed companies with similar business nature as FOCI, three companies, namely, LuxNet (Code 4979), Browave (Code 3163), and TrueLight (Code 3234), are selected as the sampled peers. Therefore, the following calculation is based on the three peers' "price-book ratio", which is a daily financial indicator calculated by the Taipei Exchange, as a comparative parameter. The average price-book ratios for 10, 20, and 30 business days prior to the valuation benchmark date (excluding that date), April 2, 2024, of the three companies during the sampling period were used as samples, as a reasonable basis to assess FOCI's price per share during the sampling period. The relevant information of FOCI and the three peer companies for each of the periods is summarized as follows :

Sampling period	FOCI	LuxNet	Browave	TrueLight	Average Price-Book Ratio
Previous 10 business days	4.99	6.19	3.18	5.02	4.85
Previous 20 business days	5.51	8.02	3.30	4.61	5.36
Previous 30 business days	5.61	9.44	3.23	4.43	5.68

Unit: New Taiwan Dollar

Sampling period	Peer group's average price-book ratio (Note)	FOCI's 2023 net value per share	Calculated reference price per share	Theoretical reference range of price
Previous 10 business days	4.85	21.68	105.15	105.15~ 123.14
Previous 20 business days	5.36	21.68	116.20	
Previous 30 business days	5.68	21.68	123.14	

Source: Taipei Exchange's price-book ratio information (2024/2/19~2024/4/1).

Notes: 1. The average share price of the industrial peers is calculated as a simple arithmetic average.

2. Price-book ratio = Closing price / reference net value per share, where the reference net value per share is based on the latest quarterly reference net

value per share announced by the Taipei Exchange.

3. Price to earnings ratio approach

Based on the "price to earnings ratio", which is a daily financial indicator calculated by the Taipei Exchange, of the three sampled peers, LuxNet (Code 4979), Browave (Code 3163), and TrueLight (Code 3234), as a comparative parameter. The average price to earnings ratios for 10, 20, and 30 business days prior to the valuation benchmark date (excluding that date), April 2, 2024, of the three companies during the sampling period were used as samples, as a reasonable basis to assess FOCI's price per share during the sampling period. The relevant information of FOCI and the three peer companies for each of the periods is summarized as follows :

Sampling period	FOCI	LuxNet	Browave	TrueLight	Average P/E ratio
Previous 10 business days	832.08	39.96	18.38	N/A	296.81
Previous 20 business days	788.91	45.19	19.03	N/A	284.38
Previous 30 business days	604.42	48.90	18.49	N/A	223.94

Unit: New Taiwan Dollar

Sampling period	Average price-to-earnings ratio of peers (Note)	FOCI's three-year average earnings per share	Calculated reference price per share	Theoretical reference range of price
Previous 10 business days	296.81	0.99	293.84	221.70~ 293.84
Previous 20 business days	284.38	0.99	281.54	
Previous 30 business days	223.94	0.99	221.70	

Source: Taipei Exchange's price to earnings ratio information (2024/2/19~2024/4/1).

Notes: 1. The average price-to-earnings ratio of the industrial peers is calculated as a simple arithmetic average.

2. Price-to-earnings ratio = Closing price / Net income after tax per share, where net income after tax per share = the Company's net income after tax for the last 4 quarters / Number of shares issued, and the price-to-earnings ratio is not calculated when the net income after tax per share is zero or negative.

VI. Key factors in determining the private placement price

The results of the calculation of the value of the common shares based on the various valuation models described in V. above are summarized below :

As each of the three valuation models has its own theoretical and practical basis, in order to avoid bias in the valuation process, the weighted-average method was used to calculate a more objective theoretical price. In view of the fact that FOCI is a TPEX-listed company and has an objective market trading value, a higher weighting was given to the market approach, as the main basis. In addition, due to the significant fluctuation in FOCI's profitability in the past three years, the weight of the price-to-earnings ratio approach was lowered, while the weight of the price-book ratio approach was increased. Considering the fact that the liquidity of the common

shares of the private placement is restricted, the law requires that the privately placed securities can only be publicly issued and freely traded on the centralized stock market after 3 years from the date of delivery. Therefore, a liquidity discount of 30% to 35% is proposed in the present private placement case, and the adjusted reference price range is as follows :

Unit: New Taiwan Dollar

Evaluation method	Reference price range	Weight	Reference price range based on weighted average	Liquidity discount rate	Private placement price range after adjusted for liquidity discount
Market method	108.17~ 115.91	50%	118.32~ 136.60	30%~ 35%	76.91~ 95.62
Price-book ratio approach	105.15~ 123.14	40%			
Price to earnings ratio approach	221.70~ 293.84	10%			
Provisional reference price	112.09				
The range of percentage of the private placement price after adjusted for liquidity discount to the reference price	68.61%~85.31%				

VII. Evaluation conclusion

In summary, FOCI intend to issue common shares through a private placement for cash capital increase mainly for the purpose of bringing in strategic investors to strengthen the Company's finance, business, market operational scale and research and development capability, so as to benefit the long-term shareholders' equity. Summarizing the above evaluation methods and taking into account the liquidity discount and other factors, the price per share ranges from NT\$76.91 to NT\$95.62. Based on the provisional reference price of NT\$112.09, the percentage of the private placement price to the reference price ranges from 68.61% to 85.31%, which is in line with the basis that FOCI set the private placement price at no less than 70% of the reference price as of the pricing date, and which is considered to be reasonable.

VIII. Restrictions on use and disclaimer of this opinion

- (1) This opinion is for your Company's internal use only or for filing documents in accordance with the relevant laws and regulations. Please do not provide it to any third party for use before obtaining the consent of the accountant or for any other purposes.
- (2) The conclusion in this opinion is based on the relevant laws and regulations currently in force in Taiwan. Regarding the changes caused by the changes, amendments or abolition of relevant laws and regulations after the completion of this opinion, we will not issue a separate updated opinion, nor will we be responsible for any discrepancies to the original opinion arising from the changes, unless we are appointed to do so.
- (3) This opinion has been prepared primarily on the basis of the financial statements and other related information provided by the Company up to the valuation benchmark date, which have not been independently verified or reviewed by us, and consequently, we are not in a position to express an opinion on the accuracy or feasibility of such information.

Chen Ci-jian, CPA

Sun Rising Certified Public Accountants

April 2, 2024

Expert Independence Statement

I have been appointed to provide an opinion on the reasonableness of the private placement price for FOCI Fiber Optic Communications, Inc.'s intended private placement and issuance of common shares for cash capital increase.

In carrying out the above business, I hereby declare that I do not have any of the following circumstances :

- 1、 I or my spouse is currently employed by the aforementioned company, holding a regular job with a fixed salary.
- 2、 The company or institution where I or my spouse works is a related party to the aforementioned company.
- 3、 I am a spouse or relative within the second degree of kinship to the responsible person or managerial officers of the aforementioned company.
- 4、 I or my spouse have an investment or interest-sharing relationship with the aforementioned company.
- 5、 I or my spouse is the certified public accountant of the aforementioned company.
- 6、 I am the current director, supervisor, and securities listing review committee member of the Taiwan Stock Exchange or the Taipei Exchange, the spouse or a relative within the second degree of kinship.
- 7、 The work content of the company or institution where I or my spouse works has a direct business relationship with the aforementioned company.

Evaluator : Chen Ci-jian, CPA

April 2, 2024

Resume of the Independent Expert

Evaluator : Chen Ci-jian

Date of Birth : February 21, 1964

ID Card Number : Q121321615

Practicing License Number : Bei-Shi-Hui-Zheng-Zi No. 1308

Education and Work Experience: Department of Accounting, Tunghai University
Associate, Audit Services tent,
PricewaterhouseCoopers Taiwan
Senior Manager, Audit Services Department,
PricewaterhouseCoopers, in Mainland China

Current Position: Certified public accountant (practicing), Sun Rising Certified Public
Accountants

FOCI Fiber Optic Communications, Inc.

Opinion on the Necessity and Reasonableness of Private Placement

Client of the opinion giver : FOCI Fiber Optic Communications, Inc.

Opinion recipient : FOCI Fiber Optic Communications, Inc.

Specified purpose of the opinion letter : Exclusively for the 2024 Private Placement of FOCI Fiber Optic Communications, Inc.

Type of report : Opinion on the Necessity and Reasonableness of Private Placement

Evaluation agency : Taishin Securities Co.,
Ltd.

Representative : Jerry Guo

(The contents of this opinion letter are only to be used as a reference for FOCI's Board of Directors' and shareholders' meetings to make a resolution on the private placement in 2024, and will not be used for any other purposes. This opinion is based on the financial information provided by FOCI and the information announced on the Market Observation Post System. This opinion does not assume any legal responsibility for any changes in the contents of this opinion letter as a result of changes in the plan of the Private Placement or any other circumstances in the future, and hereby disclaims any legal responsibility.)

April 3, 2024

In order to enrich the Company's operating working capital to meet the capital needs for long-term development and to grasp the timeliness and convenience of raising capital, FOCI Fiber Optic Communications, Inc. conducted the matters related to the private placement of securities under Article 43-6 of the Securities and Exchange Act, in accordance with the "Securities and Exchange Act" and the "Directions for Public Companies Conducting Private Placements of Securities." It is intended for the Board of Directors' meeting on April 12, 2024 to discuss the matter and plan for the annual general shareholders' meeting on May 30, 2024 to discuss the private placement of up to 10,000 thousand common shares. In accordance with Paragraph 3, Article 4 of the " Directions for Public Companies Conducting Private Placements of Securities" (see below), if there has been, is, or will be any significant change in managerial control during the period from one year prior to the date on which the board of directors resolves on the private placement of securities to one year after the delivery date of those privately placed securities, the company shall engage a securities underwriter to provide an evaluations opinion on the necessity and reasonableness for conducting the private placement, and shall state the opinion in the notice to convene the shareholders' meeting to serve as a reference for the shareholders to decide whether to agree. The underwriter's evaluation is described as follows :

I. Company profile

FOCI Fiber Optic Communications, Inc. (stock code 3363), founded in 1995 and listed on the Taipei Exchange in 2011, has a paid-in capital of approximately NT\$986 million. Its main business is the research, development, and manufacturing of products related to the fiber optic communications industry, and it was the first company in Taiwan to invest in the research and development of products related to fiber optic burners (FBTs) and planar Lightwave conductors (PLCs). It is one of the leading manufacturers of fiber optic passive components in Taiwan.

The Company's current main products and services can be divided into three categories, namely (1) fiber optic passive components, including various types of fiber optic connectors, fiber optic patch cords, optical isolators, optical circulators, fiber optic array products, fiber optic couplers, multi-channel wavelength multiplexers, PLC optical splitters, and optical communication integration modules. (2) Optical fiber related modules and integrated systems, such as active-passive integrated components and modules, active optical fiber (AOC, for USB4.0) and related packaging and testing services. (3) SiPh package services, including integrated packaging of optical communication components, silicon optical component packaging, and so on. With the continuous investment in fiber-to-the-home, data center, 5G and 6G infrastructures, the Company's R & D engineering center is responsible for the development of fiber optic components and equipment, the integrated module of optical active and passive components, and the other silicon optical packaging R & D unit is committed to investing in the optical communication chip packaging and product manufacturing process research and development. Through the planning, development, design, and safety control of each department, the Company is able to provide products and services that meet the needs of the market. Its product sales regions in 2023 include 67% in the Americas, 15% domestic sales, 5% in Mainland China and 13% in others.

In recent years, FOCI has been actively transforming its business. In addition to its original mainstay of optical passive components, FOCI has also strengthened its presence in the data center and consumer electronics markets, and has entered the packaging business of co-packaged optical component (CPO). Among them, the growth of data centers is mainly due to (1) the continuous expansion of data centers in response to the demand for AI, (2) the US government's promotion of broadband infrastructure, and (3) the need for broader bandwidth for the deployment of 5G, which will enable the implementation of high-bandwidth data applications such as telemedicine, VR, and AR imaging, as well as the need for higher speeds

in the mobile network, which has driven the upgrading and replacement of optical modules. In addition, FOCI is actively involved in the CPO business and will work with IC companies and manufacturers to develop high-potential products, provide high-end solutions that meet customers' needs, and enhance the Company's technological capabilities, with a view to playing a key role in the CPO field.

As major international customers continue to develop projects, R&D progress cannot be delayed. In 2024, FOCI continues to invest in the production of smart optical cables, building automated production lines for optical fiber cables, expanding its investment in silicon-optical packaging, building mass-production equipment for fully-automatic silicon-optical packaging systems, and developing automated coupler-optical and assembly equipment. FOCI intends to optimize the Company's financial performance and improve its capital structure by injecting capital through a private placement of common shares and strengthening long-term relationships with strategic partners, to gain a head start in the silicon photonics industry.

Parent Company Only Balance Sheets
(Adopting International Financial Reporting Standards (IFRS))

Unit: Thousands of New Taiwan dollars

Item \ Year	Financial information for the most recent five years				
	As of the end of 2019	As of the end of 2020	As of the end of 2021	As of the end of 2022	As of the end of 2023
Current assets	913,944	1,025,160	1,186,681	1,085,059	1,495,524
Funds and investment	435,495	498,197	565,766	508,518	415,105
Property, plant and equipment	439,707	391,584	345,746	325,066	311,677
Other assets	338,876	293,574	301,885	346,806	364,065
Total assets	2,128,022	2,208,515	2,400,078	2,265,449	2,586,371
Current liabilities	345,271	463,743	556,431	523,030	369,127
Non-Current liabilities	88,481	89,345	92,680	81,916	78,995
Total liabilities	433,752	553,088	649,111	604,946	448,122
Share capital	905,958	910,739	882,731	883,366	986,406
Capital surplus	578,841	585,431	554,756	555,581	1,017,177
Retained earnings	417,119	417,882	484,066	389,783	357,528
Other equity interest	(81,301)	(132,278)	(170,586)	(168,227)	(222,862)
Treasury shares	(126,347)	(126,347)	-	-	-
Total equity	1,694,270	1,655,427	1,750,967	1,660,503	2,138,249

Source: Parent company only financial statements audited and certified by a certified public accountant for each year.

Parent Company Only Statements of Comprehensive Income
(Adopting International Financial Reporting Standards (IFRS))

Unit: Thousands of New Taiwan dollars

Item \ Year	Financial information for the most recent five years				
	2019	2020	2021	2022	2023
Sales revenue	1,280,491	1,245,738	1,830,273	1,482,915	1,218,658
Operating margin	238,036	175,649	325,468	220,061	132,059
Operating (loss) profit	60,592	(1,835)	148,119	57,483	(70,111)
Non-operating income and expenses	46,599	93,580	104,473	5,874	67,943
Profit (loss) before income tax	107,191	91,745	252,592	63,357	(2,168)
Profit from continuing operations for the year	94,180	94,844	201,644	47,021	12,058
Profit for the year	94,180	94,844	201,644	47,021	12,058
Other comprehensive income (loss), net of tax	(45,369)	(75,781)	(46,888)	2,359	(54,635)
Total comprehensive income (loss) for the year	48,811	19,063	154,756	49,380	(42,577)
Earnings per share (NT\$)	1.13	1.09	2.31	0.53	0.13

Source: Parent company only financial statements audited and certified by a certified public accountant for each year.

Consolidated Balance Sheets
(Adopting International Financial Reporting Standards (IFRS))

Unit: Thousands of New Taiwan dollars

Item \ Year	Financial information for the most recent five years				
	As of the end of 2019	As of the end of 2020	As of the end of 2021	As of the end of 2022	As of the end of 2023
Current assets	1,236,166	1,327,234	1,500,553	1,416,459	1,665,886
Property, plant and equipment	592,947	530,902	450,931	376,918	355,893
Other assets	366,132	332,230	376,024	384,552	397,322
Total assets	2,195,245	2,190,366	2,327,508	2,177,929	2,419,101
Current liabilities	411,508	435,230	465,879	430,268	193,125
Non-current liabilities	89,467	99,709	110,662	87,158	87,727
Total liabilities	500,975	534,939	576,541	517,426	280,852
Total equity attributable to owners of parent company	1,694,270	1,655,427	1,750,967	1,660,503	2,138,249
Share capital	905,958	910,739	882,731	883,366	986,406
Capital surplus	578,841	585,431	554,756	555,581	1,017,177
Retained earnings	417,119	417,882	484,066	389,783	357,528
Other equity interest	(81,301)	(132,278)	(170,586)	(168,227)	(222,862)
Treasury shares	(126,347)	(126,347)	-	-	-
Total equity	1,694,270	1,655,427	1,750,967	1,660,503	2,138,249

Source: Consolidated financial statements audited and certified by a certified public accountant for each year.

Consolidated Statements of Comprehensive Income
(Adopting International Financial Reporting Standards (IFRS))

Unit: Thousands of New Taiwan dollars

Item	Financial information for the most recent five years				
	2019	2020	2021	2022	2023
Sales revenue	1,614,912	1,614,479	1,988,269	1,620,659	1,271,745
Operating margin	339,120	284,828	454,646	297,130	177,817
Operating (loss) profit	96,361	83,469	241,275	97,142	(58,246)
Non-operating income and expenses	25,575	16,188	31,287	(24,466)	63,948
Profit before income tax	121,936	99,657	272,562	72,676	5,702
Profit from continuing operations for the year	94,180	94,844	201,644	47,021	12,058
Profit for the year	94,180	94,844	201,644	47,021	12,058
Other comprehensive income (loss), net of tax	(45,369)	(75,781)	(46,888)	2,359	(54,635)
Total comprehensive income (loss) for the year	48,811	19,063	154,756	49,380	(42,577)
Profit attributable to owners of parent	94,180	94,844	201,644	47,021	12,058
Comprehensive (loss) income attributable to owners of parent	48,811	19,063	154,756	49,380	(42,577)
Earnings per share (NT\$)	1.13	1.09	2.31	0.53	0.13

Source: Consolidated financial statements audited and certified by a certified public accountant for each year

II. The private placement plans

In order to attract strategic investors and strengthen the long-term cooperation relationship with strategic partners, and at the same time, to enrich the Company's operating working capital to meet the capital needs for long-term development, the Company intends to raise funds by private placement of common shares in accordance with Article 43-6 of the Securities and Exchange Act, within the limits of the number of shares to be issued, not exceeding 10,000 thousand shares, in one to three installments within one year from the resolution date of the shareholders' meeting.

The issue price of the common shares in the private placement was set at not less than 70% of the higher of the following two benchmark bases prior to the Company's pricing date :

- (I) The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
- (II) The simple average closing price of the common shares of the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.

The issue price of the private placement of the Company's common shares was set at no less than 70% of the reference price, and an independent expert was appointed to provide an opinion on the reasonableness of the private placement price, and the Board of Directors is authorized to determine the actual pricing date and the actual private placement price, at not less than the percentage within the range resolved by the shareholders' meeting, in accordance with the circumstances of the contact with specified persons in the future.

III. Evaluation of the necessity and reasonableness of the private placement

FOCI intend to issue common shares by way of private placement for cash capital increase. The purpose of the funds for each tranche is to increase the working capital and for capital needs related to future development, and the expected benefits are to strengthen the Company's competitiveness, enhance

operational efficiency and improve the overall shareholders' equity in light of the Company's long-term development, and the amount of the issue is limited to no more than 10,000 thousand shares. The Board of Directors was authorized to do so after a resolution of the shareholders' meeting held on May 30, 2024. The necessity and reasonableness of the Company's private placement are explained as follows :

(I) Evaluation of the necessity of a private placement

The Sales revenue, operating (loss) profit, and interest expense for the past three years listed in FOCI's consolidated financial statements are as follows :

Unit: Thousands of New Taiwan dollars

Item	Year	2021	2022	2023
Sales revenue		1,988,269	1,620,659	1,271,745
Operating (loss) profit		241,275	97,142	(58,246)
Profit before income tax		272,562	72,676	5,702
Interest expense		4,158	4,014	5,440
Interest expense as a percentage of Operating (loss) profit		1.72%	4.13%	(9.34)%
Interest expense as a percentage of Profit before income tax		1.53%	5.52%	95.41%

Source: Consolidated financial statements audited and certified by a certified public accountant for each year.

The growth momentum of fiber optic communication industry is promising. Research data shows that the annual data bandwidth increases by multiples every year. In order to meet the increasing demand for bandwidth, technology giants such as Amazon, Google, and Meta are building large-scale data centers year by year, and countries are launching high-speed network infrastructure policies for the purpose of gradually expanding the strategic layout of 5G and the related applications of the Internet of Things (IoT), Internet of Vehicles, AI computing, and meta-universes. According to IDC's research, in 2023, for the first time, enterprises' investment in cloud-based big data and analytics will exceed the on-premises deployment, demonstrating the importance enterprises attach to cloud services. Therefore, the market size of the global cloud infrastructure and services industry is expected to grow at a compound annual growth rate of 25.97% in the period of 2023-2025. In addition, generative AI has already had a significant impact on the cloud computing center and server industries since its introduction in 2023, and will surely be able to bring a new wave of growth to the fiber optic communications industry. The Company's products are well recognized by domestic and overseas customers in terms of quality, price, delivery and after-sales service. In terms of the latest technology, the Company's technical team continues to develop co-packaged optical (CPO) products and their related processes. If bank loans are used to finance normal operations and strategic cooperation, it will result in increasing interest expenses and thus erode operating profitability. If the Company uses a private placement of common shares, it will be relatively quicker and easier to raise capital, avoid over-reliance on loans from financial institutions, and increase the flexibility of capital utilization, which will have a positive impact on future operations and profitability.

In order to meet the needs of the Company's operation and development, the Company will select individuals or legal entities that can help the Company to enhance its technology, develop products, reduce costs, expand markets or strengthen customer relationships, etc., by leveraging on their experience, technology, knowledge, reputation or access to channels to strengthen the Company's competitiveness and enhance its operational efficiency and long-term development.

Taking into account factors such as capital market conditions, timeliness of capital raising, issuance costs, and the three-year non-transferability restriction on privately-placed shares, the Company intends to issue securities through private placement instead of public offering, as it is more likely to secure and strengthen long-term cooperative relationships with strategic partners.

(II) Evaluation of the reasonableness of a private placement

FOCI expects that the resolution will be passed at the shareholders' regular meeting on May 30, 2024, and the matters related to the private placement of securities are listed under the reasons for convening the shareholders' regular meeting in accordance with Paragraph 6, Article 43-6 of the Securities and Exchange Act. There should be no major anomalies.

The purpose of the proceeds from the Company's capital raising is to increase the Company's working capital and to meet its capital needs for future long-term development. The expected benefits are to strengthen the Company's competitiveness, enhance operational efficiency, and increase the overall shareholders' equity in light of the Company's long-term development.

In addition to obtaining long-term stable capital, the private placement, as compared to a public offering, is subject to a three-year non-transferable restriction on the privately placed common shares, which ensures a long-term relationship between the Company and the specific investors it has attracted, and will be conducive to the growth of the Company's operations in the medium term.

In summary, in accordance with the "Directions for Public Companies Conducting Private Placements of Securities," the securities underwriter considers that it is still necessary and reasonable for FOCI to conduct the private placement.

IV. Evaluation of significant changes in the placees and managerial control

(I) Selection of placees and evaluation of feasibility and necessity.

1. Selection of placees

For the placees to the Company's private placement of the common shares, specified persons will be inquired in accordance with Article 43-6 of the Securities and Exchange Act and Letter Jin-Guan-Zheng-Fa-Zi No. 1120383220 dated September 12, 2023. Currently, the Company's primary consideration is to select strategic investors who can directly or indirectly benefit the Company. However, the selection of the actual placees will be handled in accordance with the relevant regulations after the inquiries, and therefore its selection of the placees should still be appropriate.

The purpose of this private placement is to bring in strategic investors and strengthen the long-term relationship with strategic partners, and at the same time to enrich the Company's operating working capital to meet the Company's needs of funds for long-term development. The inquiries to placers for this private placement should have feasibility and necessity.

2. Feasibility and necessity of placees

In order to meet the needs of the Company's operation and development, the Company will select individuals or legal entities that can help the Company to enhance its technology, develop products, reduce costs, expand markets or strengthen customer relationships, etc., by leveraging on their experience, technology, knowledge, reputation or access to channels to strengthen the Company's competitiveness and enhance its operational efficiency and long-term development. In addition, compared with the public offering, the three-year non-transferability restriction of the private placement of securities will better ensure the long-term cooperative relationship between FOCI and the placers or strategic investors, which is conducive to the stability of the Company's

operations. It is expected that in the future, by working with specific investors to enhance technology, develop products, reduce costs, expand markets, and strengthen customer relationships or channels, FOCI will be able to expand the scale of its market and other strategic cooperation, which will have a positive impact on the Company's business, finance, and shareholders' equity. Therefore, the feasibility and necessity of introducing strategic investors in this private placement should be reasonable.

- (II) Review of significant changes in managerial control within one year prior to Board of Directors' resolution of conducting private placement

After reviewing the relevant information of the Company and checking the Market Observation Post System, within one year prior to the Board of Directors' resolution of conducting private placement, there was no change of directors, except that the director of the Company, BEOLYM CORPORATION, was dismissed naturally due to transfer more than one-half of the shares held at the time of appointment. Therefore, the number of set changes in the Company's Board of Directors in the year prior to the resolution of the private placement was 1/7, and there was no significant change in the managerial control of the Company within one year prior to the Board of Directors' resolution on the private placement as stated in Paragraph 3, Article 4 of the "Directions for Public Companies Conducting Private Placements of Securities."

- (III) Evaluation of whether the introduction of strategic investors in a private placement will result in a significant change in managerial control

The timing of the private placement will be after the complete re-election of directors at the shareholders' regular meeting on May 30, 2024. The Company has not yet determined the places, and the amount of common shares to be placed in the private placement will be capped at no more than 10,000 thousand shares, which, if issued in full, will account for 9.20% of the issued common shares after the capital increase. However, since there is no certainty as to whether the introduction of strategic investors through a private placement in the future will result in the acquisition of directors' seats or a significant change in managerial control, the Company has requested the securities underwriter to provide an opinion on the necessity and reasonableness of the private placement, in accordance with the "Directions for Public Companies Conducting Private Placements of Securities."

- (IV) Impacts of the private placement on the Company's business, finance, and shareholders' equity

1. Impact on the Company's business

In order to strengthen the Company's operating working capital and to meet the capital needs for long-term development, the Company raises funds by way of private placement. Through this private placement, the Company introduces places or strategic investors who can directly or indirectly benefit the Company's future operations, which can ensure a long-term cooperative relationship between the Company and the investor partner, and it is expected to be helpful to the Company in enhance its technology, develop products, reduce costs, expand markets or strengthen customer relationships, etc., by leveraging on their experience, technology, knowledge, reputation or access to channels to strengthen the Company's competitiveness and enhance its operational efficiency and long-term development, so it should have positive effect for the Company's business development.

2. Impact on the Company finance

In accordance with Article 43-6 of the Securities and Exchange Act to conduct a private placement of securities, it is to raise funds by means of a private placement of common shares, within the limits of the number of shares to be issued, not exceeding 10,000 thousand shares, in one to three installments within one year from the resolution date of the shareholders' meeting. The proceeds

from the private placement will increase the Company's proprietary capital ratio and strengthen the Company's financial structure; therefore, the private placement should have a positive effect on the Company's finances.

3. Impact on the Company's shareholders' equity

The proceeds from the private placement are used to increase working capital and to meet the capital needs for future long-term development, which will help strengthen the Company's competitiveness, enhance operational efficiency and meet the Company's long-term development. Therefore, the private placement should have a positive benefit on the Company's shareholders' equity.

V. Conclusion

In summary, FOCI Fiber Optic Communications, Inc. is conducting this private placement of common shares to meet the needs of its future long-term operational development, which is expected to improve the Company's financial structure, strengthen the Company's competitiveness and enhance its operational performance, and should have positive benefits for the Company's business, finances, and overall shareholders' interests. After having evaluated it in accordance with the "Directions for Public Companies Conducting Private Placements of Securities," the securities underwriter found that it is necessary and reasonable for the Company to conduct this private placement.

Taishin Securities Co., Ltd.

Responsible person : Jerry Guo

April 3, 2024

Statement of Independence

The Company is appointed by FOCI Fiber Optic Communications, Inc. (hereinafter referred to as FOCI) on the necessity and reasonableness of the private placement of common shares in 2024, and issued an opinion.

The Company, in carrying out the above business, hereby declares that it does not have any of the following circumstances :

1. The Company is not FOCI's equity method investee.
2. The Company is not an equity method investor of FOCI.
3. The chairman or president of the Company is not the same person as the chairman or president of FOCI, nor are they related to each other by spouse or within the second degree of kinship.
4. The Company is not a director or supervisor of FOCI.
5. FOCI is not a director or supervisor of the Company.
6. The Company does not have any related party relationship with FOCI as defined in Article 18 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers other than those mentioned above.

For the purpose of the evaluation of the necessity and reasonableness of the private placement of common shares for FOCI, the Company has maintained the spirit of independence in its evaluation opinion.

Taishin Securities Co., Ltd.

Responsible person : Jerry Guo

April 3, 2024

(For the purpose of the securities underwriter's evaluation opinion of FOCI Fiber Optic Communications, Inc.'s private placement of common shares in 2024 only.)