

**FOCI FIBER OPTIC COMMUNICATIONS,
INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT**

JUNE 30, 2024 AND 2023

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR24001055

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

Introduction

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

Scope of review

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

Basis for qualified conclusion

As explained in Note 4(3), the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$6,270 thousand and NT\$14,691 thousand, constituting 0.21% and 0.69% of the consolidated total assets as at June 30, 2024 and 2023, respectively, total liabilities amounted to NT\$148 thousand and NT\$2,851 thousand, constituting 0.04% and 0.54% of the consolidated total liabilities as at June 30, 2024 and 2023, respectively, and the total comprehensive (loss) income amounted to NT(\$1,449) thousand, NT(\$3,471) thousand, NT\$116 thousand and NT(\$2,754) thousand, constituting (3.48%), 7.41%, 0.89% and 18.99% of the consolidated total comprehensive income for the three months and six months then ended, respectively. In addition, the financial statements of the investments accounted for using equity method were not reviewed by independent auditors. The comprehensive (loss) income (share of (loss) profit of associates accounted for using equity method) amounted to NT(\$174) thousand, NT(\$979) thousand, NT(\$1,664) thousand and NT(\$1,802) thousand, constituting (0.42%), 2.09%, (12.77%) and 12.42% of the consolidated total comprehensive income for the three months and six months then ended, respectively. The balance of relevant investments accounted for using equity method amounted to NT\$0 thousand and NT\$12,871 thousand as of June 30, 2024 and 2023, respectively.

Qualified conclusion

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

respects, the consolidated financial position of the Group as at June 30, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months and six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Shu-Chien Pai

Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan

August 8, 2024

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

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

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

Assets		Notes	June 30, 2024		December 31, 2023		June 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,531,459	52	\$ 913,040	38	\$ 612,808	29
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		83,550	3	210,400	9	194,000	9
1150	Notes receivable, net	6(5)	509	-	641	-	45	-
1170	Accounts receivable, net	6(5)	263,197	9	277,195	11	261,951	12
1180	Accounts receivable - related	6(5) and 7						
	parties, net		-	-	1,391	-	694	-
1200	Other receivables	7	7,573	-	5,518	-	27,971	1
130X	Inventories	6(6)	250,512	8	243,139	10	277,334	13
1470	Other current assets		28,996	1	14,562	1	12,558	1
11XX	Current Assets		2,165,796	73	1,665,886	69	1,387,361	65
Non-current assets								
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - non current		150,795	5	148,087	6	171,960	8
1535	Financial assets at amortised cost -	6(4) and 8						
	non current		2,939	-	2,939	-	2,939	-
1550	Investments accounted for using	6(7)						
	equity method		-	-	6,644	-	12,871	1
1600	Property, plant and equipment	6(8)	359,347	12	355,893	15	362,493	17
1755	Right-of-use assets	6(9)	97,514	3	93,797	4	86,413	4
1760	Investment property, net	6(11)	50,564	2	51,405	2	52,686	2
1780	Intangible assets		29,243	1	7,623	-	4,299	-
1840	Deferred income tax assets		33,362	1	25,212	1	11,369	1
1900	Other non-current assets	6(12) and 7	71,755	3	61,615	3	45,052	2
15XX	Non-current assets		795,519	27	753,215	31	750,082	35
1XXX	Total assets		\$ 2,961,315	100	\$ 2,419,101	100	\$ 2,137,443	100

(Continued)

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

Liabilities and Equity		Notes	June 30, 2024		December 31, 2023		June 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(13)	\$ -	-	\$ -	-	\$ 180,000	8
2130	Contract liabilities - current	6(22)	1,246	-	2,256	-	3,085	-
2150	Notes payable		3,268	-	1,873	-	3,224	-
2170	Accounts payable		148,490	5	113,892	5	137,729	7
2180	Accounts payable - related parties	7	-	-	-	-	165	-
2200	Other payables	6(15)	71,084	2	57,186	2	112,226	5
2230	Current income tax liabilities		6,330	-	1,487	-	-	-
2280	Lease liabilities - current		15,101	1	13,813	1	11,911	1
2300	Other current liabilities	6(14)	2,732	-	2,618	-	2,346	-
21XX	Current Liabilities		248,251	8	193,125	8	450,686	21
Non-current liabilities								
2570	Deferred income tax liabilities		2,338	-	3,926	-	180	-
2580	Lease liabilities - non current		85,049	3	82,087	4	76,587	4
2600	Other non-current liabilities		1,714	-	1,714	-	1,714	-
25XX	Non-current liabilities		89,101	3	87,727	4	78,481	4
2XXX	Total Liabilities		337,352	11	280,852	12	529,167	25
Equity								
	Share capital	6(18)						
3110	Share capital - common stock		1,036,406	35	986,406	41	886,274	41
	Capital surplus	6(19)						
3200	Capital surplus		1,439,857	49	1,017,177	42	559,265	26
	Retained earnings	6(20)						
3310	Legal reserve		136,341	5	135,135	6	135,135	6
3320	Special reserve		221,187	7	168,227	7	168,227	8
3350	(Accumulated deficit)							
	Unappropriated retained earnings		(2,711)	-	54,166	2	61,392	3
	Other equity interest	6(21)						
3400	Other equity interest		(207,117)	(7)	(222,862)	(10)	(202,017)	(9)
3XXX	Total equity		2,623,963	89	2,138,249	88	1,608,276	75
3X2X	Total liabilities and equity		\$ 2,961,315	100	\$ 2,419,101	100	\$ 2,137,443	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
SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share amounts)

	Items	Notes	Three months ended June 30				Six months ended June 30			
			2024		2023		2024		2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	\$ 352,765	100	\$ 284,079	100	\$ 621,303	100	\$ 606,243	100
5000	Operating costs	6(6)(27)(28)	(282,380)	(80)	(263,509)	(93)	(529,749)	(85)	(538,718)	(89)
5900	Net operating margin		<u>70,385</u>	<u>20</u>	<u>20,570</u>	<u>7</u>	<u>91,554</u>	<u>15</u>	<u>67,525</u>	<u>11</u>
	Operating expenses	6(27)(28)								
6100	Selling expenses		(6,960)	(2)	(3,524)	(1)	(13,798)	(3)	(13,480)	(2)
6200	General and administrative expenses		(22,670)	(7)	(22,769)	(8)	(44,557)	(7)	(46,386)	(7)
6300	Research and development expenses		(34,765)	(10)	(24,002)	(9)	(69,547)	(11)	(48,064)	(8)
6450	Expected credit gains (losses)	12(2)	(68)	-	4,668	2	(57)	-	217	-
6000	Total operating expenses		(64,463)	(19)	(45,627)	(16)	(127,959)	(21)	(107,713)	(17)
6900	Operating gain (loss)		<u>5,922</u>	<u>1</u>	<u>(25,057)</u>	<u>(9)</u>	<u>(36,405)</u>	<u>(6)</u>	<u>(40,188)</u>	<u>(6)</u>
	Non-operating income and expenses									
7100	Interest income	6(23)	3,002	1	1,476	-	4,808	1	2,525	-
7010	Other income	6(24)	3,756	1	14,581	5	3,975	-	15,201	2
7020	Other gains and losses	6(7)(25)	17,646	5	(3,273)	(1)	25,821	4	42,812	7
7050	Finance costs	6(26)	(613)	-	(1,276)	-	(1,144)	-	(2,553)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	(174)	-	(979)	-	(1,664)	-	(1,802)	-
7000	Total non-operating income and expenses		<u>23,617</u>	<u>7</u>	<u>10,529</u>	<u>4</u>	<u>31,796</u>	<u>5</u>	<u>56,183</u>	<u>9</u>
7900	Profit (loss) before income tax		<u>29,539</u>	<u>8</u>	<u>(14,528)</u>	<u>(5)</u>	<u>(4,609)</u>	<u>(1)</u>	<u>15,995</u>	<u>3</u>
7950	Income tax (expense) benefit	6(29)	(3,977)	(1)	(179)	-	1,898	1	3,289	-
8200	Profit (loss) for the period		<u>\$ 25,562</u>	<u>7</u>	<u>(\$ 14,707)</u>	<u>(5)</u>	<u>(\$ 2,711)</u>	<u>-</u>	<u>\$ 19,284</u>	<u>3</u>
	Other comprehensive income									
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealised gain (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(21)	\$ 10,013	3	(\$ 18,725)	(7)	\$ 2,228	-	(\$ 20,305)	(3)
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations	6(21)	7,559	2	(16,796)	(6)	16,896	3	(16,856)	(3)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(21)(29)	(1,512)	-	3,359	1	(3,379)	(1)	3,371	1
8300	Other comprehensive income (loss) for the period		<u>\$ 16,060</u>	<u>5</u>	<u>(\$ 32,162)</u>	<u>(12)</u>	<u>\$ 15,745</u>	<u>2</u>	<u>(\$ 33,790)</u>	<u>(5)</u>
8500	Total comprehensive income (loss) for the period		<u>\$ 41,622</u>	<u>12</u>	<u>(\$ 46,869)</u>	<u>(17)</u>	<u>\$ 13,034</u>	<u>2</u>	<u>(\$ 14,506)</u>	<u>(2)</u>
	Profit (loss), attributable to:									
8610	Owners of parent		<u>\$ 25,562</u>	<u>7</u>	<u>(\$ 14,707)</u>	<u>(5)</u>	<u>(\$ 2,711)</u>	<u>-</u>	<u>\$ 19,284</u>	<u>3</u>
	Comprehensive income (loss) attributable to:									
8710	Owners of parent		<u>\$ 41,622</u>	<u>12</u>	<u>(\$ 46,869)</u>	<u>(17)</u>	<u>\$ 13,034</u>	<u>2</u>	<u>(\$ 14,506)</u>	<u>(2)</u>
	Basic earnings (loss) per share	6(30)								
9750	Basic earnings (loss) per share		<u>\$ 0.26</u>		<u>(\$ 0.17)</u>		<u>(\$ 0.03)</u>		<u>\$ 0.22</u>	
	Diluted earnings (loss) per share	6(30)								
9850	Diluted earnings (loss) per share		<u>\$ 0.26</u>		<u>(\$ 0.17)</u>		<u>(\$ 0.03)</u>		<u>\$ 0.22</u>	

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

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

		Equity attributable to owners of the parent							
		Retained Earnings				Other equity interest			
							Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		
	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	Total equity	
<u>2023</u>									
		\$ 883,366	\$ 555,581	\$ 130,433	\$ 170,586	\$ 88,764	(\$ 31,436)	(\$ 136,791)	\$ 1,660,503
		-	-	-	-	19,284	-	-	19,284
		-	-	-	-	-	(13,485)	(20,305)	(33,790)
		-	-	-	-	19,284	(13,485)	(20,305)	(14,506)
	6(20)								
		-	-	4,702	-	(4,702)	-	-	-
		-	-	-	(2,359)	2,359	-	-	-
		-	-	-	-	(44,313)	-	-	(44,313)
	6(18)(19)	2,908	3,684	-	-	-	-	-	6,592
		<u>\$ 886,274</u>	<u>\$ 559,265</u>	<u>\$ 135,135</u>	<u>\$ 168,227</u>	<u>\$ 61,392</u>	<u>(\$ 44,921)</u>	<u>(\$ 157,096)</u>	<u>\$ 1,608,276</u>
<u>2024</u>									
		\$ 986,406	\$ 1,017,177	\$ 135,135	\$ 168,227	\$ 54,166	(\$ 41,894)	(\$ 180,968)	\$ 2,138,249
		-	-	-	-	(2,711)	-	-	(2,711)
		-	-	-	-	-	13,517	2,228	15,745
		-	-	-	-	(2,711)	13,517	2,228	13,034
	6(20)								
		-	-	1,206	-	(1,206)	-	-	-
		-	-	-	52,960	(52,960)	-	-	-
	6(18)(19)	50,000	472,000	-	-	-	-	-	522,000
	6(19)(20)(31)	-	(49,320)	-	-	-	-	-	(49,320)
		<u>\$ 1,036,406</u>	<u>\$ 1,439,857</u>	<u>\$ 136,341</u>	<u>\$ 221,187</u>	<u>(\$ 2,711)</u>	<u>(\$ 28,377)</u>	<u>(\$ 178,740)</u>	<u>\$ 2,623,963</u>

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

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

	Notes	Six months ended June 30 2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
(Loss) profit before tax		(\$ 4,609)	\$ 15,995
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(11)(27)	48,699	47,492
Amortisation expense	6(27)	7,909	1,207
Expected credit losses (gains)	12(2)	57	(217)
Net gain on financial assets or liabilities at fair value through profit or loss	6(25)	(14,365)	(31,200)
Interest expense	6(26)	1,144	2,553
Interest income	6(23)	(4,808)	(2,525)
Dividend income	6(3)(24)	-	(14,402)
Share of profit of associates accounted for using equity method	6(7)	1,664	1,802
Loss on disposals of property, plant and equipment	6(25)	483	26
Loss on disposals of investments	6(25)	4,500	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		132	47
Accounts receivable (including related parties)		15,712	61,437
Other receivables (including related parties)		(613)	(2,944)
Inventories		(5,670)	62,959
Other current assets		(14,086)	(5,590)
Changes in operating liabilities			
Contract liabilities		(1,010)	(3,004)
Notes payable		1,395	1,678
Accounts payable (including related parties)		32,064	10,491
Other payables		6,427	(94)
Other current liabilities		82	362
Cash inflow generated from operations		75,107	146,073
Income taxes paid		(4,506)	(20,038)
Net cash flows from operating activities		70,601	126,035

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

	<u>Notes</u>	<u>Six months ended June 30</u>	
		<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Disposal of financial assets at fair value through profit or loss		\$ 141,215	\$ -
Acquisition of property, plant and equipment	6(31)	(34,607)	(21,852)
Proceeds from disposal of property, plant and equipment		338	-
Decrease in guarantee deposits paid		2,659	2,315
Acquisition of intangible assets		(29,517)	(1,492)
Decrease (Increase) in other non-current assets		546	(255)
Increase in prepayments for equipment		(13,345)	(36,535)
Interest received		<u>4,841</u>	<u>2,505</u>
Net cash flows from (used in) investing activities		<u>72,130</u>	<u>(55,314)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payments of lease liabilities	6(32)	(8,619)	(11,023)
Cash dividends paid	6(20)(31)	(49,293)	-
Cash capital increase	6(18)	522,000	-
Interest paid		(<u>1,144</u>)	(<u>2,514</u>)
Net cash flows from (used in) financing activities		<u>462,944</u>	<u>(13,537)</u>
Effect of exchange rate changes		<u>12,744</u>	<u>(5,632)</u>
Net increase in cash and cash equivalents		618,419	51,552
Cash and cash equivalents at beginning of period		<u>913,040</u>	<u>561,256</u>
Cash and cash equivalents at end of period		<u>\$ 1,531,459</u>	<u>\$ 612,808</u>

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

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

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

1. History and Organization

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

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on August 8, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

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

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

IFRS 18, 'Presentation and disclosure in financial statements'

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

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for those as set out below. These policies have been consistently applied to all the periods

presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

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

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

Note: The financial statements of the entity as of and for the six months ended June 30, 2024 and 2023 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

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

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

E. Significant restrictions: None.

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

(4) Income tax

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

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

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

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand and petty cash	\$ 353	\$ 356	\$ 286
Checking accounts and demand deposits	285,966	193,236	180,178
Time deposits	1,245,140	719,448	432,344
Total	<u>\$ 1,531,459</u>	<u>\$ 913,040</u>	<u>\$ 612,808</u>

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

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

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 89,047	\$ 237,460	\$ 237,460
Valuation adjustment	(5,497)	(27,060)	(43,460)
	<u>\$ 83,550</u>	<u>\$ 210,400</u>	<u>\$ 194,000</u>
Financial assets held for trading			
Derivatives instruments	\$ -	\$ -	(\$ 2)
Valuation adjustment	-	-	2
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Items	<u>Three months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	<u>\$ 15,965</u>	<u>(\$ 17,600)</u>
Items	<u>Six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	<u>\$ 14,365</u>	<u>\$ 31,200</u>

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

Items	June 30, 2024	December 31, 2023	June 30, 2023
Non-current items:			
Equity instruments			
Emerging stocks	\$ 69,911	\$ 69,911	\$ 69,911
Unlisted stocks	259,624	259,144	259,144
Valuation adjustment	(178,740)	(180,968)	(157,095)
	<u>\$ 150,795</u>	<u>\$ 148,087</u>	<u>\$ 171,960</u>

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$150,795, \$148,087 and \$171,960 as at June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

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

Items	Three months ended June 30,	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 10,013	(\$ 18,725)
Dividend income recognized in profit or loss held at the end of the current period	\$ -	\$ 14,402
Items	Six months ended June 30,	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 2,228	(\$ 20,305)
Dividend income recognised in profit or loss held at the end of the current period	\$ -	\$ 14,402

(4) Financial assets at amortized cost

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

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

Items	Three months ended June 30,	
	2024	2023
Interest income	<u>\$ 11</u>	<u>\$ 8</u>

Items	Six months ended June 30,	
	2024	2023
Interest income	\$ 23	\$ 17

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

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

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

(5) Notes and accounts receivable

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable	\$ 509	\$ 641	\$ 45
Accounts receivable - general customers	263,334	277,274	263,621
Accounts receivable - related parties	-	1,391	694
	<u>263,843</u>	<u>279,306</u>	<u>264,360</u>
Less: Allowance for uncollectible accounts	(137)	(79)	(1,670)
	<u>\$ 263,706</u>	<u>\$ 279,227</u>	<u>\$ 262,690</u>

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

	June 30, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 228,950	\$ 509	\$ 256,348	\$ 641
Up to 30 days	19,980	-	11,940	-
31 to 90 days	11,159	-	9,960	-
91 to 180 days	2,781	-	150	-
Over 180 days	464	-	267	-
	<u>\$ 263,334</u>	<u>\$ 509</u>	<u>\$ 278,665</u>	<u>\$ 641</u>

	June 30, 2023	
	Accounts receivable	Notes receivable
Not past due	\$ 239,486	\$ 45
Up to 30 days	22,366	-
31 to 90 days	1,169	-
91 to 180 days	106	-
Over 180 days	1,188	-
	<u>\$ 264,315</u>	<u>\$ 45</u>

The above ageing analysis was based on past due date.

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

C. As at June 30, 2024, December 31, 2023 and June 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$509, \$641 and \$45; \$263,197, \$278,586 and \$262,645, respectively.

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

(6) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Finished goods	\$ 174,505	\$ 198,885	\$ 229,454
Work in progress	41,597	16,090	15,704
Raw materials	78,849	69,275	88,648
Subtotal	294,951	284,250	333,806
Allowance for inventory valuation losses	(44,439)	(41,111)	(56,472)
Total	<u>\$ 250,512</u>	<u>\$ 243,139</u>	<u>\$ 277,334</u>

The cost of inventories recognized as expense for the period:

Items	Three months ended June 30,	
	2024	2023
Cost of goods sold	\$ 279,624	\$ 252,069
Loss on decline in market value	2,262	11,001
Loss on scrapping inventory	74	18
Lease cost	420	421
	<u>\$ 282,380</u>	<u>\$ 263,509</u>

Items	Six months ended June 30,	
	2024	2023
Cost of goods sold	\$ 526,235	\$ 535,518
Loss on decline in market value	2,542	2,312
Loss on scrapping inventory	132	46
Lease cost	840	842
	<u>\$ 529,749</u>	<u>\$ 538,718</u>

(7) Investments accounted for using equity method

	June 30, 2024	December 31, 2023	June 30, 2023
BKS TEC Corp.	<u>\$ -</u>	<u>\$ 6,644</u>	<u>\$ 12,871</u>

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

	Three months ended June 30,	
	2024	2023
Loss for the period from continuing operations	(\$ 174)	(\$ 979)
Other comprehensive loss, net of tax	-	-
Total comprehensive loss for the period	<u>(\$ 174)</u>	<u>(\$ 979)</u>
	Six months ended June 30,	
	2024	2023
Loss for the period from continuing operations	(\$ 1,664)	(\$ 1,802)
Other comprehensive loss, net of tax	-	-
Total comprehensive loss for the period	<u>(\$ 1,664)</u>	<u>(\$ 1,802)</u>

- B. BKS TEC Corp. increased its capital on April 1, 2024. The Group did not participate in the capital increase. As a result, the Group decreased its share interest from 11.07% to 3.89%. In addition, BKS TEC Corp. held an annual shareholders' meeting and re-elected directors on June 25, 2024 and the Group is no longer a director of the entity. Therefore, the Group lost significant influence over the entity starting from the date based on the judgement. The investments were transferred to financial assets at fair value through other comprehensive income and losses on disposals of investments amounting to \$4,500 were recognised.
- C. On December 31, 2023 and June 30, 2023, the Group held 11.07% and 11.76% equity interests in BKS TEC Corp. and held 1 seat in the Board of Directors, respectively, and thus the Group was considered to have significant influence over BKS TEC Corp..
- D. For the year ended December 31, 2023, based on the Company's assessment, an impairment loss of \$3,790 was recognized due to the recoverable amount of BKS TEC Corp. is less than its carrying amount.

(8) Property, plant and equipment

	2024							
	Buildings and structures	Machinery and equipment	Research and development equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction and equipment under acceptance	Total
<u>Cost</u>								
Opening net book amount as at January 1	\$ 392,762	\$ 285,867	\$ 93,141	\$ 1,884	\$ 6,417	\$ 24,868	\$ 13,385	\$ 818,324
Additions for the period	1,757	34,580	4,113	-	277	211	684	41,622
Disposals for the period	(242)	(22,395)	(7,615)	-	(432)	(288)	-	(30,972)
Reclassifications in the period	-	14,509	(1,305)	-	-	(256)	(14,069)	(1,121)
Translation adjustments	646	2,304	-	57	124	754	-	3,885
At June 30	<u>\$ 394,923</u>	<u>\$ 314,865</u>	<u>\$ 88,334</u>	<u>\$ 1,941</u>	<u>\$ 6,386</u>	<u>\$ 25,289</u>	<u>\$ -</u>	<u>\$ 831,738</u>
<u>Accumulated depreciation and impairment</u>								
At January 1	\$ 195,090	\$ 199,720	\$ 43,616	\$ 1,038	\$ 5,326	\$ 17,641	\$ -	\$ 462,431
Depreciation expense for the period	6,816	19,571	11,166	70	188	900	-	38,711
Disposals for the period	(242)	(21,678)	(7,616)	-	(388)	(227)	-	(30,151)
Reclassifications in the period	-	(891)	-	-	-	(230)	-	(1,121)
Translation adjustments	636	1,203	-	32	108	542	-	2,521
Closing net book amount as at June 30	<u>202,300</u>	<u>197,925</u>	<u>47,166</u>	<u>1,140</u>	<u>5,234</u>	<u>18,626</u>	<u>-</u>	<u>472,391</u>
Net amount	<u>\$ 192,623</u>	<u>\$ 116,940</u>	<u>\$ 41,168</u>	<u>\$ 801</u>	<u>\$ 1,152</u>	<u>\$ 6,663</u>	<u>\$ -</u>	<u>\$ 359,347</u>

	2023							
	Buildings and structures	Machinery and equipment	Research and development equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction and equipment under acceptance	Total
<u>Cost</u>								
Opening net book amount as at January 1	\$ 408,025	\$ 294,230	\$ 77,185	\$ 2,513	\$ 7,355	\$ 7,948	\$ -	\$ 797,256
Additions for the period	3,346	2,060	9,644	-	-	203	7,848	23,101
Disposals for the period	- (	1,508) (	3,281)	- (	48) (	23)	- (	4,860)
Translation adjustments	(580)	(2,676)	-	(55)	(125)	(234)	-	(3,670)
At June 30	<u>\$ 410,791</u>	<u>\$ 292,106</u>	<u>\$ 83,548</u>	<u>\$ 2,458</u>	<u>\$ 7,182</u>	<u>\$ 7,894</u>	<u>\$ 7,848</u>	<u>\$ 811,827</u>
<u>Accumulated depreciation and impairment</u>								
At January 1	\$ 198,756	\$ 169,766	\$ 41,555	\$ 1,327	\$ 5,574	\$ 3,360	\$ -	\$ 420,338
Depreciation expense for the period	8,392	18,348	8,302	129	266	645	-	36,082
Disposals for the period	- (	1,490) (	3,282)	- (	43) (	19)	- (	4,834)
Translation adjustments	(580)	(1,422)	-	(29)	(108)	(113)	-	(2,252)
Closing net book amount as at June 30	<u>206,568</u>	<u>185,202</u>	<u>46,575</u>	<u>1,427</u>	<u>5,689</u>	<u>3,873</u>	<u>-</u>	<u>449,334</u>
Net amount	<u>\$ 204,223</u>	<u>\$ 106,904</u>	<u>\$ 36,973</u>	<u>\$ 1,031</u>	<u>\$ 1,493</u>	<u>\$ 4,021</u>	<u>\$ 7,848</u>	<u>\$ 362,493</u>

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

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

(9) Leasing arrangements — lessee

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

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

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

	June 30, 2024	December 31, 2023	June 30, 2023
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 71,466	\$ 72,650	\$ 73,834
Buildings	24,679	19,069	9,533
Transportation equipment (Business vehicles)	1,369	2,078	2,466
Research and development equipment	-	-	580
	<u>\$ 97,514</u>	<u>\$ 93,797</u>	<u>\$ 86,413</u>

	Three months ended June 30,	
	2024	2023
	Depreciation charge	Depreciation charge
Land	\$ 593	\$ 593
Buildings	3,578	4,180
Transportation equipment (Business vehicles)	354	357
Research and development equipment	-	124
	<u>\$ 4,525</u>	<u>\$ 5,254</u>

	Six months ended June 30,	
	2024	2023
	Depreciation charge	Depreciation charge
Land	\$ 1,185	\$ 1,185
Buildings	7,253	8,421
Transportation equipment (Business vehicles)	709	713
Research and development equipment	-	249
	<u>\$ 9,147</u>	<u>\$ 10,568</u>

C. For the three months and six months ended June 30, 2024 and 2023, the additions to right-of-use assets were \$12,228, \$0, \$12,228 and \$0, respectively.

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

	Three months ended June 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 553	\$ 410
Expense on short-term lease contracts	453	389
Expense on leases of low-value assets	104	96
	<u>\$ 1,110</u>	<u>\$ 895</u>
	Six months ended June 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,038	\$ 843
Expense on short-term lease contracts	650	544
Expense on leases of low-value assets	159	182
Total	<u>\$ 1,847</u>	<u>\$ 1,569</u>

E. For the six months ended June 30, 2024 and 2023, the Group's total cash outflow for leases were \$10,466 and \$12,592, respectively.

(10) Leasing arrangements – lessor

- A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a certain amount of guarantee deposits is required.
- B. For the three months and six months ended June 30, 2024 and 2023, the Group recognized rent income in the amounts of \$2,626, \$2,626, \$5,252 and \$5,252, 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:

	June 30, 2024	December 31, 2023	June 30, 2023
Not later than one year	\$ 9,368	\$ 10,169	\$ 10,451
Later than one year but not later than five years	122	4,035	9,005
Total	<u>\$ 9,490</u>	<u>\$ 14,204</u>	<u>\$ 19,456</u>

(11) Investment property

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Buildings and structures</u>			
Cost			
Equity at beginning / end of period	94,436	94,436	94,436
Accumulated depreciation			
Equity at beginning of period	43,031	40,908	40,908
Additions for the period	841	2,123	842
Equity at end of period	43,872	43,031	41,750
Closing net book amount as at June 30	<u>\$ 50,564</u>	<u>\$ 51,405</u>	<u>\$ 52,686</u>

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

	Three months ended June 30,	
	2024	2023
Rental income from investment property	<u>\$ 2,626</u>	<u>\$ 2,626</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 421</u>	<u>\$ 421</u>
	Six months ended June 30,	
	2024	2023
Rental income from investment property	<u>\$ 5,252</u>	<u>\$ 5,252</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 841</u>	<u>\$ 842</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
Discount rate	<u>2.47%</u>	<u>2.345%</u>	<u>2.35%</u>

(12) Other non-current assets

	June 30, 2024	December 31, 2023	June 30, 2023
Prepayments for business facilities	\$ 65,830	\$ 52,485	\$ 39,955
Guarantee deposits paid	4,740	7,399	3,266
Other assets	1,185	1,731	1,831
	<u>\$ 71,755</u>	<u>\$ 61,615</u>	<u>\$ 45,052</u>

(13) Short-term borrowings

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

Type of borrowings	June 30, 2023	Interest rate range	Collateral
Bank secured borrowings	\$ 180,000	1.73% ~ 1.88%	None

(14) Bonds payable

	June 30, 2024	December 31, 2023	June 30, 2023
Bonds payable	\$ -	\$ -	\$ 300
Less: Discount on bondspayable	-	-	-
	-	-	300
Less: Current portion	-	-	(300)
	\$ -	\$ -	\$ -

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

- (a) The Company issued \$400,000, 0% second domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 5 years from the issue date (September 6, 2018 ~ September 6, 2023) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on September 6, 2018.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (c) The conversion price of convertible bonds was set at NT\$26.8 (in dollars) per share. However, the conversion price is adjusted according to the formula set out in the indenture if any of the following events occurs after the issuance of the Company's convertible bonds:
 - i Increase in outstanding (or private placement) common shares.
 - ii The ratio of cash dividends paid for common shares to the market price per share exceeds 1.5%.
 - iii Reissuance (or private placement) of various securities with conversion options or stock options to common shares at a conversion or an exercise price lower than the market price per share.
 - iv Reduction in ordinary share capital that is not caused by the retirement of treasury shares.On July 2, 2022 and July 3, 2021, because the ratio of cash dividends paid for common shares to the market price per share exceeded 1.5%, the Company adjusted conversion prices to NT\$22.7 (in dollars) and NT\$24.1 (in dollars) per share, respectively.

- (d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value within 5 trading days after the put effective date of bonds from the date three months after the bonds issue to 40 days before the maturity date if the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% (including 30%) for 30 consecutive trading days, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount.
- (e) The Company set the date when the bonds have been issued for 2 years, 3 years and 4 years as the put effective date for the bondholders to early put the bonds back to the Company. The Company should notice the bondholders at 40 days before the put effective date and should redeem the convertible bonds in cash within 5 trading days after the put effective date when accepting the bondholders' requests.
- (f) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be sold or re-issued; the conversion options attached to the bonds are also extinguished.
- (g) As of December 31, 2023, the bonds totaling \$400,000 (face value) had been converted into 15,192,422 shares of common stock.
- B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$27,490 were separated from the liability component and were recognized in 'capital surplus—share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were recognized in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation was 1.84%.

(15) Other payables

	June 30, 2024	December 31, 2023	June 30, 2023
Salaries and bonuses payable	\$ 24,523	\$ 28,559	\$ 27,423
Payable on equipment	12,272	5,257	6,345
Employees' compensation and directors' remuneration payable	-	-	8,888
Dividends payable	27	-	44,313
Others	34,262	23,370	25,257
	<u>\$ 71,084</u>	<u>\$ 57,186</u>	<u>\$ 112,226</u>

(16) Pensions

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

sum upon termination of employment.

- B. The Company's mainland China subsidiaries in Shanghai, Jiangxi, and Zhongshan have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the six months ended June 30, 2024 and 2023 was 15% ~ 20%. Other than the monthly contributions, the Group has no further obligations.
- C. The pension costs under defined contribution pension plans of the Group for the three months and six months ended June 30, 2024 and 2023 were \$5,361, \$4,733, \$10,165 and \$9,288 respectively.

(17) Share-based payment

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

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

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

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

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

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

For the six months ended June 30, 2024 and 2023: None.

(18) Share capital

- A. As of June 30, 2024, the Company's authorized capital was \$1,800,000, consisting of 180,000 thousand shares of ordinary stock (including 6,000 thousand shares reserved for employee stock options), and the paid-in capital was \$1,036,406 with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2024 (in thousands)	2023 (in thousands)
At January 1	98,641	88,337
Cash capital increase	5,000	-
Convertible bonds converted to ordinary shares	-	290
At June 30	103,641	88,627

- B. The Board of Directors of the Company during their meeting on August 3, 2023 adopted a resolution to increase the Company's capital by issuing 10,000 thousand ordinary shares with a par value of NT\$10 (in dollars) per share, the issuing price was NT\$52.8 (in dollars) per share. The capital increase was approved by the competent authority on September 26, 2023 and the effective date of the capital increase was set on November 3, 2023. Proceeds had been fully collected and the registration for the change had been completed.
- C. The Board of Directors of the Company during their meeting on June 11, 2024 adopted a resolution to raise additional cash through private placement by issuing 5,000 thousand ordinary shares with a par value of NT\$10 (in dollars) per share, the issuing price was NT\$104.4 (in dollars) per share and \$522,000 in total. The effective date of the capital increase was set on June 25, 2024. Proceeds had been fully collected and the registration for the change had been completed on July 5, 2024.

(19) Capital surplus

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

	2024			
	Share premium	Changes in ownership interests in subsidiaries	Gains on disposals of fixed assets and others	Total
At January 1	\$ 1,015,144	\$ 1,775	\$ 258	\$ 1,017,177
Capital surplus distributed as cash	(49,320)	-	-	(49,320)
Cash capital increase	472,000	-	-	472,000
At June 30	<u>\$ 1,437,824</u>	<u>\$ 1,775</u>	<u>\$ 258</u>	<u>\$ 1,439,857</u>

	2023				
	Share premium	Stock options	Changes in ownership interests in subsidiaries	Gains on disposals of fixed assets and others	Total
At January 1	\$ 553,074	\$ 474	\$ 1,775	\$ 258	\$ 555,581
Bonds converted by the issuing company	4,137	(453)	-	-	3,684
At June 30	<u>\$ 557,211</u>	<u>\$ 21</u>	<u>\$ 1,775</u>	<u>\$ 258</u>	<u>\$ 559,265</u>

(20) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be appropriated in the following orders:
 - (a) Pay all taxes;
 - (b) Cover prior years' losses;
 - (c) Set aside 10% as legal reserve (unless the legal reserve has reached the total capital);
 - (d) Set aside or reverse special reserve as required by regulations;
 - (e) The remainder, if any, along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and be resolved by the shareholders.
- B. The Board of Directors of the Company may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends, bonus, legal reserve, or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting.
- C. The Company's dividend policy is set up in accordance with the Company Act and the Company's Articles of Incorporation, and in consideration of factors including the Company's capital and financial structure, operational condition, earnings, and the industry's nature and cycle, etc. Suppose the Company has a surplus in its final annual accounts, and the distributable surplus reaches 2% of the paid-in capital. In that case, the dividend distribution shall not be less than 10% of the distributable surplus. Cash dividends are preferred in the distribution of earnings, but stock dividends can also be distributed on the basis that the distribution ratio of stock dividends is no higher than 50% of total dividends of the year.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. Legal reserve shall be set aside until its balance reaches the Company's total paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of its paid-in capital, the excess may be transferred to capital or distributed in cash.

- F. The Board of Directors on February 23, 2023 and the shareholder's meeting on May 30, 2023 adopted a resolution on the distribution of 2022 earnings, appropriating \$4,702 as legal reserve, reversing special reserve of \$2,359, and distributing \$44,313 as cash dividends at NT\$0.5 (in dollars) per share.
- G. The Board of Directors on February 22, 2024 adopted a resolution on the distribution of 2023 earnings, distribute cash dividends from capital surplus amounting to \$49,320 at NT\$0.5 (in dollars) per share.
- 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.

(21) Other equity items

	2024		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	(\$ 41,894)	(\$ 180,968)	(\$ 222,862)
Revaluation – gross	-	2,228	2,228
Currency translation differences			
– Group:			
–Group	16,896	-	16,896
–Tax on Group	(3,379)	-	(3,379)
At June 30	<u>(\$ 28,377)</u>	<u>(\$ 178,740)</u>	<u>(\$ 207,117)</u>
	2023		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	(\$ 31,436)	(\$ 136,791)	(\$ 168,227)
Revaluation – gross	-	(20,305)	(20,305)
Currency translation differences			
– Group:			
–Group	(16,856)	-	(16,856)
–Tax on Group	3,371	-	3,371
At June 30	<u>(\$ 44,921)</u>	<u>(\$ 157,096)</u>	<u>(\$ 202,017)</u>

(22) Operating revenue

	Three months ended June 30,	
	2024	2023
Revenue from contracts with customers	\$ 350,139	\$ 281,453
Others – lease revenue	2,626	2,626
Total	<u>\$ 352,765</u>	<u>\$ 284,079</u>

	Six months ended June 30,	
	2024	2023
Revenue from contracts with customers	\$ 616,051	\$ 600,991
Others — lease revenue	5,252	5,252
Total	<u>\$ 621,303</u>	<u>\$ 606,243</u>

A. Disaggregation of revenue from contracts with customers

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

Three months ended June 30, 2024	Taiwan	China	America	Asia	Other regions	Total
Revenue from external customer contracts	<u>\$ 46,012</u>	<u>\$ 6,476</u>	<u>\$279,015</u>	<u>\$ 14,127</u>	<u>\$ 4,509</u>	<u>\$ 350,139</u>
Three months ended June 30, 2023	Taiwan	China	America	Asia	Other regions	Total
Revenue from external customer contracts	<u>\$ 32,803</u>	<u>\$ 20,607</u>	<u>\$188,315</u>	<u>\$ 34,718</u>	<u>\$ 5,010</u>	<u>\$ 281,453</u>
Six months ended June 30, 2024	Taiwan	China	America	Asia	Other regions	Total
Revenue from external customer contracts	<u>\$ 67,697</u>	<u>\$ 12,200</u>	<u>\$496,082</u>	<u>\$ 32,229</u>	<u>\$ 7,843</u>	<u>\$ 616,051</u>
Six months ended June 30, 2023	Taiwan	China	America	Asia	Other regions	Total
Revenue from external customer contracts	<u>\$ 78,045</u>	<u>\$ 45,739</u>	<u>\$380,997</u>	<u>\$ 75,013</u>	<u>\$ 21,197</u>	<u>\$ 600,991</u>

B. Contract assets and liabilities

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

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Product sales contracts	<u>\$ 1,246</u>	<u>\$ 2,256</u>	<u>\$ 3,085</u>	<u>\$ 6,089</u>

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

	Three months ended June 30,	
	2024	2023
Product sales contracts	\$ 382	\$ 3
	Six months ended June 30,	
	2024	2023
Product sales contracts	\$ 2,168	\$ 5,512

(23) Interest income

	Three months ended June 30,	
	2024	2023
Interest income from bank deposits	\$ 2,991	\$ 1,468
Interest income from financial assets measured at amortised cost	11	8
	\$ 3,002	\$ 1,476
	Six months ended June 30,	
	2024	2023
Interest income from bank deposits	\$ 4,785	\$ 2,508
Interest income from financial assets measured at amortised cost	23	17
	\$ 4,808	\$ 2,525

(24) Other income

	Three months ended June 30,	
	2024	2023
Dividend income	\$ -	\$ 14,402
Other income, others	3,756	179
	\$ 3,756	\$ 14,581
	Six months ended June 30,	
	2024	2023
Dividend income	\$ -	\$ 14,402
Other income, others	3,975	799
	\$ 3,975	\$ 15,201

(25) Other gains and losses

		Three months ended June 30,	
		2024	2023
Losses on disposals of property, plant and equipment	(\$	400)	(\$ 10)
Losses on disposals of investments	(	4,500)	-
Foreign exchange gains		6,511	14,459
Gains (Losses) on financial assets and liabilities at fair value through profit or loss		15,965	(17,600)
Other gains and losses		70	(122)
	\$	17,646	(\$ 3,273)
		Six months ended June 30,	
		2024	2023
Losses on disposals of property, plant and equipment	(\$	483)	(\$ 26)
Losses on disposals of investments	(	4,500)	-
Foreign exchange gains		15,942	11,762
Gains on financial assets and liabilities at fair value through profit or loss		14,365	31,200
Other gains and losses		497	(124)
	\$	25,821	\$ 42,812

(26) Finance costs

		Three months ended June 30,	
		2024	2023
Interest expense	\$	613	\$ 1,276
		Six months ended June 30,	
		2024	2023
Interest expense	\$	1,144	\$ 2,553

(27) Expenses by nature

		Three months ended June 30,	
		2024	2023
Employee benefit expense	\$	90,283	\$ 81,365
Depreciation charges		25,015	23,740
Amortization charges		4,061	611
	\$	119,359	\$ 105,716
		Six months ended June 30,	
		2024	2023
Employee benefit expense	\$	169,833	\$ 161,865
Depreciation charges		48,699	47,492
Amortization charges		7,909	1,207
	\$	226,441	\$ 210,564

(28) Employee benefit expense

	Three months ended June 30,	
	2024	2023
Wages and salaries	\$ 74,651	\$ 66,431
Director' remuneration	992	660
Labour and health insurance fees	4,971	4,998
Pension costs	5,361	4,733
Other personnel expenses	4,308	4,543
	<u>\$ 90,283</u>	<u>\$ 81,365</u>
	Six months ended June 30,	
	2024	2023
Wages and salaries	\$ 138,964	\$ 131,711
Director' remuneration	1,917	2,439
Labour and health insurance fees	9,892	9,806
Pension costs	10,165	9,288
Other personnel expenses	895	8,621
	<u>\$ 161,833</u>	<u>\$ 161,865</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 5% ~ 15% for employees' compensation and shall not be higher than 5% for directors' remuneration. If the Company has accumulated deficit, earnings should be reserved to cover losses.
- B. For the three months and six months ended June 30, 2024 and 2023, employees' compensation was accrued at \$0, \$0, \$0 and \$1,349, respectively; directors' remuneration was accrued at \$0, \$0, \$0 and \$539, respectively. The aforementioned amounts were recognized in salary expenses. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense (benefit)

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

	Three months ended June 30,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 6,866	\$ -
Prior year income tax underestimation	974	2,372
Total current tax	7,840	2,372
Deferred tax:		
Origination and reversal of temporary differences	(3,863)	(2,193)
Total deferred tax	(3,863)	(2,193)
Income tax expense	\$ 3,977	\$ 179
	Six months ended June 30,	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ 6,866	\$ -
Prior year income tax underestimation	974	2,372
Total current tax	7,840	2,372
Deferred tax:		
Origination and reversal of temporary differences	(9,738)	(5,661)
Total deferred tax	(9,738)	(5,661)
Income tax benefit	(\$ 1,898)	(\$ 3,289)

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

	Three months ended June 30,	
	2024	2023
Currency translation differences	\$ 1,512	(\$ 3,359)
	Six months ended June 30,	
	2024	2023
Currency translation differences	\$ 3,379	(\$ 3,371)

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

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

(30) Earnings per share

Three months ended June 30, 2024		
	Weighted average number of ordinary shares outstanding	Earnings per share
<u>Amount after tax</u>	<u>(share in thousands)</u>	<u>(in dollars)</u>
<u>Basic and diluted earnings per share</u>		
Profit attributable to ordinary shareholders of the parent	\$ 25,562 98,970	\$ 0.26
Three months ended June 30, 2023		
	Weighted average number of ordinary shares outstanding	Loss per share
<u>Amount after tax</u>	<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic and diluted loss per share</u>		
Loss attributable to ordinary shareholders of the parent	(\$ 14,707) 88,434	(\$ 0.17)
Six months ended June 30, 2024		
	Weighted average number of ordinary shares outstanding	Loss per share
<u>Amount after tax</u>	<u>(share in thousands)</u>	<u>(in dollars)</u>
<u>Basic and diluted loss per share</u>		
Loss attributable to ordinary shareholders of the parent	(\$ 2,711) 98,805	(\$ 0.03)

Six months ended June 30, 2023			
		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 19,284	88,385	\$ 0.22
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	19,284	88,385	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	69	
Convertible bonds	34	304	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 19,318	88,758	\$ 0.22

(31) Supplemental cash flow information

A. Investing activities with partial cash payments:

Six months ended June 30,			
	2024	2023	
Purchase of property, plant and equipment	\$ 41,622	\$ 23,101	
Add: Opening balance of payable on equipment	5,257	5,096	
Less: Ending balance of payable on equipment	(12,272)	(6,345)	
Cash paid during the period	\$ 34,607	\$ 21,852	

B. Financing activities with partial cash payments:

Six months ended June 30,			
	2024	2023	
Cash dividends declared	\$ 49,320	\$ 44,313	
Less: Ending balance of dividends payable	(27)	-	
Cash paid during the period	\$ 49,293	\$ 44,313	

(32) Changes in liabilities from financing activities

2024			
	Lease liabilities		Liabilities from financing activities-gross
At January 1	\$	95,900	\$ 95,900
Changes in cash flow from financing activities	(	8,619)	(8,619)
Interest payments	(	1,038)	(1,038)
Amortisation charges on interest expenses		1,038	1,038
Changes in other non-cash items		12,228	12,228
Impact of changes in foreign exchange rate		641	641
At June 30	\$	100,150	\$ 100,150

2023			
	Short-term borrowings	Bonds payable	Lease liabilities
At January 1	\$ 180,000	\$ 6,829	\$ 99,827
Changes in cash flow from financing activities	-	-	(11,023)
Interest payments	-	-	(843)
Amortisation charges on interest expenses	-	62	843
Changes in other non-cash items	-	(6,591)	-
Impact of changes in foreign exchange rate	-	-	(306)
At June 30	\$ 180,000	\$ 300	\$ 88,498

7. Related Party Transactions

(1) Names of related parties and relationship

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

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

(2) Significant related party transactions

A. Operating revenue:

	Three months ended June 30,	
	2024	2023
Sales of goods:		
BKS TEC Corp.	\$ 66	\$ 709
	Six months ended June 30,	
	2024	2023
Sales of goods:		
BKS TEC Corp.	\$ 189	\$ 1,538

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

B. Purchases:

	Three months ended June 30,	
	2024	2023
Purchases of goods:		
BKS TEC Corp.	\$ -	\$ 160
	Six months ended June 30,	
	2024	2023
Purchases of goods:		
BKS TEC Corp.	\$ -	\$ 857

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

C. Receivables from related parties:

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable:			
BKS TEC Corp.	\$ -	\$ 1,391	\$ 694
Other receivables - current:			
BKS TEC Corp.	\$ -	\$ 1,856	\$ 43
Lease payments receivable - non current:			
BKS TEC Corp.	\$ -	\$ 1,731	\$ -

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

The Group leased assets to BKS TEC Corp. under finance lease, and on 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.

D. Payables to related parties:

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts payable:			
BKS TEC Corp.	\$ -	\$ -	\$ 165

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

(3) Key management compensation

	Three months ended June 30,	
	2024	2023
Short-term employee benefits	\$ 3,564	\$ 2,470
Post-employment benefits	119	136
	<u>\$ 3,683</u>	<u>\$ 2,606</u>
	Six months ended June 30,	
	2024	2023
Short-term employee benefits	\$ 7,433	\$ 6,069
Post-employment benefits	241	273
	<u>\$ 7,674</u>	<u>\$ 6,342</u>

8. Pledged Assets

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

	Book value			
Pledged asset	June 30, 2024	December 31, 2023	June 30, 2023	Purpose
Time deposits (Note)	\$ 2,939	\$ 2,939	\$ 2,939	Land lease deposits

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

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

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

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

(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 83,550	\$ 210,400	\$ 194,000
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	150,795	148,087	171,960
Financial assets at amortised cost			
Cash and cash equivalents	1,531,459	913,040	612,808
Notes receivable	509	641	45
Accounts receivable (including related parties)	263,197	278,586	262,645
Other receivables (including related parties)	7,573	5,518	27,971
Financial assets at amortised cost	2,939	2,939	2,939
Guarantee deposits paid	4,740	7,399	3,266
	<u>\$ 2,044,762</u>	<u>\$ 1,566,610</u>	<u>\$ 1,275,634</u>
	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ -	\$ -	\$ 180,000
Notes payable	3,268	1,873	3,224
Accounts payable (including related parties)	148,490	113,892	137,894
Other payables	71,084	57,186	112,226
Bonds payable	-	-	300
Guarantee deposits received	1,714	1,714	1,714
	<u>\$ 224,556</u>	<u>\$ 174,665</u>	<u>\$ 435,358</u>
Lease liability	<u>\$ 100,150</u>	<u>\$ 95,900</u>	<u>\$ 88,498</u>

B. Financial risk management policies

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

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

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

Exchange rate risk

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

	June 30, 2024		
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 11,910	32.55	\$ 387,671
USD:RMB	9,490	7.30	308,900
<u>Non-monetary items</u>			
USD:NTD	\$ 12,270	32.55	\$ 399,415
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 8,760	32.55	\$ 285,138
USD:RMB	997	7.30	32,452
Non-monetary items: None.			

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

June 30, 2023			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 9,897	31.12	\$ 307,995
USD:RMB	8,609	7.25	267,912
<u>Non-monetary items</u>			
USD:NTD	\$ 12,309	31.12	\$ 383,056
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 8,782	31.12	\$ 273,296
USD:RMB	1,306	7.25	40,643
<u>Non-monetary items:</u> 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 three months and six months ended June 30, 2024 and 2023 amounted to \$6,511, \$14,459, \$15,942 and \$11,762, respectively.

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

Six months ended June 30, 2024				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 3,877	\$	-
USD:RMB	1%	3,089		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$ 2,851)	\$	-
USD:RMB	1%	(325)		-
Six months ended June 30, 2023				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 3,080	\$	-
USD:RMB	1%	2,679		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$ 2,733)	\$	-
USD:RMB	1%	(406)		-

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 six months ended June 30, 2024 and 2023 would have increased/decreased by \$712 and \$1,900, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$3,295 and \$3,291, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

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

- viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable and accounts receivable. On June 30, 2024, December 31, 2023 and June 30, 2023, the provision matrix is as follows:

	Not past due	Up to 30 days	31~90 days	91~180 days	Over 180 days	Total
<u>At June 30, 2024</u>						
Expected loss rate	0.03%	0.03%	0.03%	0.03%~36.60%	0.03%~100%	
Total book value	\$ 229,459	\$ 19,980	\$ 11,159	\$ 2,781	\$ 464	\$ 263,843
Loss allowance	(\$ 69)	(\$ 6)	(\$ 3)	(\$ 59)	\$ -	(\$ 137)
	Not past due	Up to 30 days	31~90 days	91~180 days	Over 180 days	Total
<u>At December 31, 2023</u>						
Expected loss rate	0.03%	0.03%	0.03%	0.03%-46.31%	0.03%-100%	
Total book value	\$ 256,989	\$ 11,940	\$ 9,960	\$ 150	\$ 267	\$ 279,306
Loss allowance	(\$ 73)	(\$ 4)	(\$ 2)	\$ -	\$ -	(\$ 79)
	Not past due	Up to 30 days	31~90 days	91~180 days	Over 180 days	Total
<u>At June 30, 2023</u>						
Expected loss rate	0.00%	0%-5%	5.00%	20.00%	50%-100%	
Total book value	\$ 239,531	\$ 22,366	\$ 1,169	\$ 106	\$ 1,188	\$ 264,360
Loss allowance	\$ -	\$ 997	\$ 58	\$ 21	\$ 594	\$ 1,670

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

	2024	
	Accounts receivable	Other receivable
At January 1	\$ 79	\$ -
Provision for impairment	57	-
Effect of exchange rate changes	1	-
At June 30	\$ 137	\$ -
	2023	
	Accounts receivable	Other receivable
At January 1	\$ 1,896	\$ -
Reversal of allowance loss due to recovery	(217)	-
Effect of exchange rate changes	(9)	-
At June 30	\$ 1,670	\$ -

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

(c) Liquidity risk

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

ii. The group has the following undrawn borrowing facilities:

	June 30, 2024	December 31, 2023	June 30, 2023
Floating rate:			
Expiring within one year	\$ 588,463	\$ 508,183	\$ 418,920

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

	Immediate payment or less than 1 month	Between 1 and 3 month(s)	Between 3 months and 1 year	Between 1 and 5 year(s)	Over 5 years	Total
At June 30, 2024						
<u>Non-derivative financial liabilities</u>						
Notes payable	\$ 28	\$ 1,350	\$ 1,890	\$ -	\$ -	\$ 3,268
Accounts payable	60,883	78,054	9,553	-	-	148,490
Other payables	45,636	20,487	4,961	-	-	71,084
Lease liability	1,484	2,959	11,569	24,889	73,640	114,541
<u>Derivative financial liabilities:</u>	None.					
	Immediate payment or less than 1 month	Between 1 and 3 month(s)	Between 3 months and 1 year	Between 1 and 5 year(s)	Over 5 years	Total
At December 31, 2023						
<u>Non-derivative financial liabilities</u>						
Notes payable	\$ 28	\$ -	\$ 1,845	\$ -	\$ -	\$ 1,873
Accounts payable	59,858	48,441	5,593	-	-	113,892
Other payables	35,585	14,468	7,133	-	-	57,186
Lease liability	2,688	5,375	16,268	12,888	75,103	112,322
<u>Derivative financial liabilities:</u>	None.					

At June 30, 2023	Immediate payment or less than 1 month	Between 1 and 3 month(s)	Between 3 months and 1 year	Between 1 and 5 year(s)	Over 5 years	Total
<u>Non-derivative financial liabilities</u>						
Short-term borrowings	\$ 282	\$ 180,333	\$ -	\$ -	\$ -	\$180,615
Notes payable	29	-	3,195	-	-	3,224
Accounts payable	76,562	58,411	2,921	-	-	137,894
Other payables	76,867	19,149	14,322	1,888	-	112,226
Lease liability	1,369	2,676	9,497	14,746	76,810	105,098
Bonds payable	-	-	300	-	-	300
<u>Derivative financial liabilities:</u>	None.					

(3) Fair value information

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

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

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

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

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

C. Financial instruments not measured at fair value

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

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

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

June 30, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 83,550	\$ -	\$ -	\$ 83,550
Financial assets at fair value through other comprehensive income				
Emerging stocks	27,640	-	-	27,640
Unlisted stocks	-	-	123,155	123,155
	<u>\$ 111,190</u>	<u>\$ -</u>	<u>\$ 123,155</u>	<u>\$ 234,345</u>

Liabilities

Recurring fair value measurements: None.

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

Liabilities

Recurring fair value measurements: None.

June 30, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 194,000	\$ -	\$ -	\$ 194,000
Financial assets at fair value through other comprehensive income				
Emerging stocks	38,021	-	-	38,021
Unlisted stocks	-	-	133,939	133,939
	<u>\$ 232,021</u>	<u>\$ -</u>	<u>\$ 133,939</u>	<u>\$ 365,960</u>

Liabilities

Recurring fair value measurements: None.

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

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

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

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

E. For the six months ended June 30, 2024 and 2023, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the six months ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
	<u>Financial instruments</u>	<u>Financial instruments</u>
At January 1	\$ 117,429	\$ 155,995
Reclassification from investments accounted for using equity method	480	-
Gain or loss recognized in other comprehensive income	5,246	(22,056)
At June 30	<u>\$ 123,155</u>	<u>\$ 133,939</u>

G. For the six months ended June 30, 2024 and 2023, there was no transfer into or out from Level 3.

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

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

		<u>Fair value at June 30, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:						
Unlisted shares	\$	29,585	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares		585	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		45,284	Income approach	Discount for lack of marketability and discount for lack of control	15.70%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value
Unlisted shares		47,701	Income approach	Discount for lack of marketability and discount for lack of control	32.33%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value

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

		<u>Fair value at June 30, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:						
Unlisted shares	\$	30,463	Net asset value	Not applicable	Not applicable	Not applicable
Unlisted shares		102	Market comparable companies	Discount for lack of marketability	20.60%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares		70,741	Income approach	Discount for lack of marketability and discount for lack of control	32.33%	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		32,633	Income approach	Discount for lack of marketability and discount for lack of control	15.70%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for lack of control, the lower the fair value

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

13. Supplementary Disclosures

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

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. Segment Information

(1) General information

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

(2) Measurement of segment information

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

information provided by the Company to the chief operating decision-maker for review is measured in a manner consistent with that in the consolidated financial statements.

		Three months ended June 30,	
		2024	2023
Revenue from external customers	\$	352,765	\$ 284,079
Segment (loss) income	\$	25,562	(\$ 14,707)
		Six months ended June 30,	
		2024	2023
Revenue from external customers	\$	621,303	\$ 606,243
Segment (loss) income	(\$	2,711)	\$ 19,284
		Six months ended June 30,	
		2024	2023
Segment assets (Note)	\$	2,685,929	\$ 1,753,909

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

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Loans to others
Six months ended June 30, 2024

Table 1

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

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended June 30,	Balance at June 30, 2024	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for creditor counterparty doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					2024 (Note 2)								Item	Value			
1	Jiangxi FOCI Fiber Optic Communication, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	Other receivables due from related parties	Yes	\$ 98,120 (CNY 22,000)	\$ 98,120 (CNY 22,000)	\$ 98,120 (CNY 22,000)	3.45	Short-term financing	\$ -	Opertations	-	-	-	\$ 108,981 (Note 4)	\$ 108,981 (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 six months ended June 30, 2024.

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

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Six months ended June 30, 2024

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 2

Number (Note 1)	Endorser/guarantor	Party being endorsed/ guaranteed		Limit on endorsements/guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of June 30, 2024	Outstanding endorsement/ guarantee amount at June 30, 2024	Actual amount drawn down	Amount of endorsements/guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company (%)	Ceiling on total amount of endorsements/guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	The Company	Shanghai FOCI Fiber Optic Communications, Inc.	2	\$ 787,189	\$ 35,680	\$ 35,680	\$ -	\$ -	1.36%	\$ 1,311,982	Y	N	Y	
0	The Company	Zhongshan FOCI Fiber Optic Communications, Inc.	2	787,189	44,600	44,600	-	-	1.70%	\$ 1,311,982	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)

Six months ended June 30, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of June 30, 2024				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares/units (thousands of shares/units)	Book value	Ownership (%)	Fair value	Footnote
FOCI Fiber Optic Communications, Inc.	APEX OPTTECH CORPORATION	None	Financial assets at fair value through other comprehensive income	99	\$ 1,576	3.95%	\$ 1,576	
FOCI Fiber Optic Communications, Inc.	APEX BVI	None	Financial assets at fair value through other comprehensive income	155	-	1.83%	-	
FOCI Fiber Optic Communications, Inc.	DARJUN VENTURE CORPORATION	None	Financial assets at fair value through other comprehensive income	2,738	28,009	5.78%	28,009	
FOCI Fiber Optic Communications, Inc.	GINGY Technology Inc.	None	Financial assets at fair value through other comprehensive income	62	105	0.67%	105	
FOCI Fiber Optic Communications, Inc.	Xsense Technology Corporation, INC.	None	Financial assets at fair value through other comprehensive income	2,263	45,284	9.84%	45,284	
FOCI Fiber Optic Communications, Inc.	Aptos Technology Inc.	None	Financial assets at fair value through other comprehensive income	9,000	47,701	14.91%	47,701	
FOCI Fiber Optic Communications, Inc.	ADVAGENE BIOPHARMA CO., LTD.	None	Financial assets at fair value through other comprehensive income	1,207	27,640	2.26%	27,640	
FOCI Fiber Optic Communications, Inc.	BKS TEC Corp.	None	Financial assets at fair value through other comprehensive income	600	480	3.89%	480	
FOCI Fiber Optic Communications, Inc.	United Microelectronics Corporation	None	Financial assets at fair value through profit or loss	1,500	83,550	0.01%	83,550	

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

Six months ended June 30, 2024

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance at June 30, 2024	Percentage of total notes/accounts receivable (payable)	
The Company	Shanghai FOCI Fiber Optic Communications, Inc.	Subsidiary	Purchase	\$ 195,706	33.01%	60 days	Note 1	Note 1	(\$ 128,956)	42.75%	
The Company	Zhongshan FOCI Fiber Optic Communications, Inc.	Subsidiary	Purchase	194,567	32.82%	60 days	Note 1	Note 1	(130,183)	43.16%	

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.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
Six months ended June 30, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2024	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for creditor counterparty doubtful accounts
					Amount	Action taken		
Shanghai FOCI Fiber Optic Communications, Inc.	FOCI Fiber Optic Communications, Inc.	Parent company of the entity	\$ 128,956	3.30	\$ -	-	\$ 36,559	\$ -
Zhongshan FOCI Fiber Optic Communications, Inc.	FOCI Fiber Optic Communications, Inc.	Parent company of the entity	\$ 130,183	2.64	-	-	63,124	-

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

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Purchase	\$ 195,706	Note 5	31%
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Sales	72,867	Note 5	12%
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Accounts payable	128,956	Note 5	4%
0	FOCI Fiber Optic Communications, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	1	Accounts receivable	16,709	Note 5	1%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Purchase	194,567	Note 5	31%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Sales	86,152	Note 5	14%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Accounts payable	130,183	Note 5	4%
0	FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	1	Accounts receivable	15,888	Note 5	1%
1	Jiangxi FOCI Fiber Optic Communication, Inc.	Shanghai FOCI Fiber Optic Communications, Inc.	3	Accounts receivable	4,645	Note 5	0%
1	Jiangxi FOCI Fiber Optic Communication, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	3	Other receivables	98,120	Note 6	3%
2	Shanghai FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	3	Purchase	4,487	Note 5	1%
2	Shanghai FOCI Fiber Optic Communications, Inc.	Zhongshan FOCI Fiber Optic Communications, Inc.	3	Accounts payable	1,046	Note 5	0%

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

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

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

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

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

Note 6: It refers to loans between subsidiaries.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Information on investees

Six months ended June 30, 2024

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2024			Net income of investee as of June 30, 2024	Investment income(loss) recognised by the Company for the six months ended June 30, 2024	Footnote
				Balance as at June 30, 2024	Balance as at December 31, 2023	Number of shares (shares)	Ownership (%)	Book value			
FOCI Fiber Optic Communications, Inc.	FIOPTec Inc.	Cayman Islands	Investment business	\$ 389,004	\$ 389,004	12,200,000	100%	\$ 399,415	\$ 16,893	\$ 16,893	Note 1

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

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Information on investments in Mainland China

Six months ended June 30, 2024

Table 8

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

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six months ended June 30, 2024		Accumulated amount of remittance from Taiwan to Mainland	Net income of investee as of June 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2024 (Note 3)	Book value of investments in Mainland China as of June 30, 2024	Accumulated amount of investment income remitted back to	Footnote
				China as of January 1, 2024	Remitted to Mainland China	Remitted back to Taiwan	China as of June 30, 2024					Taiwan as of June 30, 2024	
Shanghai FOCI Fiber Optic Communications, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company’s products	USD 7,200	Note 1	\$ 239,388 (USD 7,200)	\$ -	\$ -	\$ 239,388 (USD 7,200)	\$ 13,899	100%	\$ 13,899	\$ 290,434	\$ 140,586	Note 4
Jiangxi FOCI Fiber Optic Communication, Inc.	Manufacture and processing of passive fiber optical components, patchcords, pigtails, couplers, test equipment, switch, optical controller, fiber optical communication apparatus room, parts and components and related consulting and technology services and sales of the Company’s products	USD 5,000	Note 1	149,616 (USD 5,000)	-	-	149,616 (USD 5,000)	3,051	100%	3,051	108,981	-	
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	-	-	-	-	8,557	100%	8,557	93,076	-	
		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										
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2024												
FOCI Fiber Optic Communications, Inc.	\$ 389,004	\$ 389,004	\$ 1,574,378										

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

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

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

Note 4: On May 30, 2024, the Board of Directors of Shanghai FOCI Fiber Optic Communications, Inc. resolved the distribution of earnings for and before 2023, distributed cash dividends amounting to RMB 8,665 thousand, approximately NT\$39,462 thousand, and deducted withholding income tax to RMB 7,798 thousand, approximately NT\$35,477 thousand. The amounts were actually paid on June 10, 2024.

FOCI FIBER OPTIC COMMUNICATIONS, INC. AND SUBSIDIARIES

Major shareholders information
Six months ended June 30, 2024

Table 9

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

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 June 30, 2024, the total number of shares (including treasury shares) that have completed dematerialized registration and delivery was 98,640,567 shares = 98,640,567 (ordinary shares) + 0 (preference shares).