English Translation of Financial Statements and a Report Originally Issued in Chinese

Ticker: 4979

LUXNET CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH A REPORT OF INDEPENDENT AUDITORS
AS OF DECEMBER 31, 2023 AND 2022
AND FOR THE YEARS THEN ENDED

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of LuxNet Corporation as of December 31, 2023 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, LuxNet Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

LuxNet Corporation

By

Isabella Chien

Chairman

March 8th, 2024

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REPORT OF INDEPENDENT AUDITORS

To The Board of Directors of
LuxNet Corporation

Introduction

We have audited the accompanying consolidated balance sheets of LuxNet Corporation (the "Company") and its subsidiaries as of December 31, 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together referred as "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2023, and its consolidated financial performance and cash flows for the year then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(To be continued)

(Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Revenue Recognition</u>

We determine that revenue recognition is one of the key audit matters. The Company's consolidated revenue amounting to NT$ 2,956,487 thousand for the year ended December 31, 2023 is a significant account to the Company's consolidated financial statements. The Company has conducted these sale activities in multi-marketplace. Furthermore, varieties of sale terms and conditions enacted in the main sale contracts or sale orders judging and determining the performance obligation and the time of satisfaction. We therefore conclude that there are significant risks with respect to the topic of revenue recognition. Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing between determining the performance obligation of revenues recognition and the major sales orders or agreements for their terms and conditions, performing analytical review procedures of sale revenues, executing sale cut-off tests, and reviewing the sales return and sales discount after for the years then ended, etc. We have also evaluated the appropriateness of the related disclosure in Notes 4 and 6 to the consolidated financial statements.

(To be continued)

(Continued)

<u>Market valuation on Inventory</u>

We determine that provision against inventory is also one of the key audit matters. The Company and its subsidiaries' inventory in amount of NT$559,947 thousand, representing 16% of consolidated total assets, as of December 31, 2023 is significant to the Company's consolidated financial statements. Inventories, including active components for optical communication and modules, are mostly customized products. Considering the rapid changes in communication technology, the calculation of the allowance for inventory market decline and write-off obsolescence involves significant management judgment. With respect to the key audit matter – provision against inventory, our audit procedures include, but not limit to, evaluating the appropriateness of inventory provision policy including how to identify the phased-out or slow-moving items, testing the correctness of inventory aging report, analyzing the reasons for slow-moving inventory and analyzing turnover rate of inventory at the end of period, performing observation on the Company and its subsidiaries' inventory physical taking, and looking into the status of inventory utilization. We have also evaluated the appropriateness of the related disclosure in Notes 5 and 6 to the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

(To be continued)

(Continued)

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

(To be continued)

(Continued)

3.Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4.Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5.Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6.Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

(To be continued)

(Continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of the Company as of and for the year then ended December 31, 2023 and 2022.

*/s/*Cheng, Ching-Piao

*/s/*Chen, Kuo-Shuai

Ernst & Young
Taiwan, R.O.C.
March 8th, 2024

<u>*Notices to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent accountants 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, Ernst & Young 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LUXNET CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

As of December 31, 2023 and 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of December 31, 2023		As of December 31, 2022	
Code	ounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$1,832,266	52	$483,826	23
1170	Accounts receivables, net	4, 6(3), 6(15)	300,474	8	254,402	12
1200	Other receivables	4, 6(15)	25,509	1	14,160	1
1220	Current tax assets	4	870	-	65	-
130x	Inventories	4, 6(4)	559,947	16	467,024	23
1419	Other prepaid expense		3,552	-	3,196	-
1421	Prepayments		1,903	-	6,856	-
1470	Other current assets		2,361	-	7,499	1
11xx	Total current assets		2,726,882	77	1,237,028	60
	Non-current assets					
1517	Financial assets measured at fair value through other comprehensive income	4, 6(2)	131,836	4	126,347	6
1600	Property, plant and equipment	4, 6(5), 7, 8	654,255	19	706,069	34
1780	Intangible assets	4, 6(6)	874	-	618	-
1900	Other non-current assets	4, 6(7), 6(10)	6,230	-	2,490	-
15xx	Total non-current assets		793,195	23	835,524	40
1xxx	Total Assets		$3,520,077	100	$2,072,552	100

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LUXNET CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

As of December 31, 2023 and 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2023		As of December 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	4, 6(8)	$-	-	$52,821	2
2130	Contract liabilities	4, 6(14)	6,255	-	2,874	-
2170	Accounts payable		362,421	11	302,121	15
2200	Other payables	4, 6(11)	111,895	3	74,771	4
2220	Other payables - related parties	7	820	-	790	-
2399	Other current liabilities		2,700	-	2,157	-
21xx	Total current liabilities		484,091	14	435,534	21
	Non-current liabilities					
2540	Long-term borrowings	4, 6(9), 8	-	-	220,000	11
25xx	Total non-current liabilities		-	-	220,000	11
2xxx	Total liabilities		484,091	14	655,534	32
31xx	Equity attributable to shareholders of the parent	4, 6(12)				
3100	Capital					
3110	Common stock		1,408,398	40	1,323,578	64
3200	Capital surplus		1,099,148	31	4,146	-
3300	Retained earnings					
3310	Legal reserve		10,943	-	-	-
3320	Special reserve		20,088	-	-	-
3350	Unappropriated earnings		512,007	15	109,427	5
3400	Other components of equity		(14,598)	-	(20,133)	(1)
3xxx	Total equity		3,035,986	86	1,417,018	68
3x2x	Total liabilities and equity		$3,520,077	100	$2,072,552	100

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LUXNET CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed In Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	Accounts	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(14), 7	$2,956,487	100	$1,318,546	100
5000	Operating costs	6(4)	(2,382,737)	(81)	(921,760)	(70)
5900	Gross profit		573,750	19	396,786	30
6000	Operating expenses					
6100	Sales and marketing		(8,595)	-	(10,527)	(1)
6200	General and administrative		(68,242)	(2)	(50,787)	(4)
6300	Research and development		(53,938)	(2)	(66,643)	(5)
6450	Reversal of expected credit losses (expected credit losses)	6(15)	(5)	-	4,680	1
	Total operating expenses		(130,780)	(4)	(123,277)	(9)
6900	Operating income		442,970	15	273,509	21
7000	Non-operating incomes and expenses	6(17), 7				
7100	Interest income		8,645	-	3,147	-
7010	Other incomes		608	-	4,193	-
7020	Other gains and losses	7	(5,164)	-	(3,627)	-
7050	Finance costs		(4,671)	-	(7,086)	(1)
7055	Reversal of expected credit losses	6(15)	-	-	659	-
	Total non-operating incomes and expenses		(582)	-	(2,714)	(1)
7900	Income before income tax		442,388	15	270,795	20
7950	Income tax expense	4, 6(19)	-	-	-	-
8200	Net income		442,388	15	270,795	20
8300	Other comprehensive income (loss)	6(18)				
8310	Items that not be reclassified subsequently to profit or loss					
8311	Remeasurements of defined benefit plans		(928)	-	956	-
8316	Unrealized gain (loss) on equity instruments investment measured at fair value through other comprehensive income		5,489	-	(190,760)	(14)
8300	Total other comprehensive income (loss), net of tax		4,561	-	(189,804)	(14)
8500	Total comprehensive income (loss)		446,949	15	80,991	6
9750	Earnings per share-basic (in NTD)	4, 6(20)	$3.34		$2.05	
9850	Earnings per share-diluted (in NTD)	4, 6(20)	$3.33		$2.05	

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LUXNET CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent								
				Retained Earnings			Others			
		Common Stock	Capital Surplus	Legal reserve	Special reserve	Unappropriated Earnings (Accumulated deficits)	Unrealized gains (losses) on equity instruments investment measured at fair value through other comprehensive income	Unearned Employee Benefit	Total	Total Equity
Code	Items	3100	3200	3310	3320	3350	3420	3490	31XX	3XXX
A1	Balance as of January 1, 2022	$1,325,115	$128,386	$-	$-	$(285,203)	$170,673	$(2,470)	$1,336,501	$1,336,501
C3	Overdue unclaimed cash dividend listed as capital surplus		237						237	237
C11	Capital surplus used to offset accumulated deficits		(122,879)			122,879			-	-
D1	Net income in 2022					270,795			270,795	270,795
D3	Other comprehensive income (loss), net of tax, in 2022					956	(190,760)		(189,804)	(189,804)
D5	Total comprehensive income (loss)	-	-	-	-	271,751	(190,760)	-	80,991	80,991
T1	Amortization of employee restricted shares							(711)	(711)	(711)
T2	Employee restricted shares for cancellation	(1,537)	(1,598)					3,135	-	-
Z1	Balance as of December 31, 2022	1,323,578	4,146	-	-	109,427	(20,087)	(46)	1,417,018	1,417,018
	Appropriation and distribution of 2021 earnings:									
B1	Legal reserve appropriated			10,943		(10,943)			-	-
B3	Special reserve appropriated				20,088	(20,088)			-	-
B5	Cash dividends of ordinary share					(7,849)			(7,849)	(7,849)
C3	Overdue unclaimed cash dividend listed as capital surplus		244						244	244
D1	Net income in 2023					442,388			442,388	442,388
D3	Other comprehensive income (loss), net of tax, in 2023					(928)	5,489		4,561	4,561
D5	Total comprehensive income (loss)	-	244	-	-	441,460	5,489	-	446,949	446,949
E1	Issuance of ordinary shares	85,000	1,093,546						1,178,546	1,178,546
N1	Share-based payment transaction		1,471						1,471	1,471
T1	Amortization of employee restricted shares							(393)	(393)	(393)
T2	Employee restricted shares for cancellation	(180)	(259)					439	-	-
Z1	Balance as of December 31, 2023	$1,408,398	$1,099,148	$10,943	$20,088	$512,007	$(14,598)	$-	$3,035,986	$3,035,986

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LUXNET CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023	2022
AAAA	Cash flows from operating activities:		
A10000	Income before income tax	$442,388	$270,795
A20000	Adjustments:		
A20010	Income and expense adjustments:		
A20100	Depreciation	93,540	108,368
A20200	Amortization	1,914	2,807
A20300	Expected credit loss (gain)	5	(5,339)
A20900	Interest expense	4,671	7,086
A21200	Interest income	(8,645)	(3,147)
A21900	Cost of share based payment	1,078	(711)
A22500	Loss (gain) on disposal of property, plant and equipment	(182)	(159)
A23700	Impairment loss on non-financial assets	7,227	15,381
A23800	Reversal of impairment loss on non-financial assets	(18)	(27)
A29900	Other - loss related to inventories	60,355	32,015
A30000	Changes in operating assets and liabilities:		
A31150	Accounts receivables	(46,077)	(118,095)
A31180	Other receivables	(10,859)	(7,153)
A31200	Inventories	(153,278)	(208,612)
A31230	Prepayments	4,597	(5,250)
A31240	Other current assets	5,138	(4,439)
A32125	Contract liabilities	3,381	(3,700)
A32150	Accounts payable	60,300	171,656
A32180	Other payables	35,128	11,679
A32190	Other payables - related parties	30	790
A32230	Other current liabilities	543	(3,876)
A32240	Net defined benefit liabilities	(1,127)	(105)
A33000	Cash generated from (used in) operations	500,109	259,964
A33100	Interest received	8,155	3,024
A33300	Interest paid	(5,056)	(6,889)
A33500	Income tax paid	(805)	(60)
AAAA	Net cash provided by (used in) operating activities	502,403	256,039

Code	Items	2023	2022
BBBB	Cash flows from investing activities:		
B02700	Acquisition of property, plant and equipment	(50,859)	(5,848)
B02800	Proceeds from disposal of property, plant and equipment	200	3,091
B04500	Acquisition of intangible assets	(1,088)	(2,100)
B06800	Increase (decrease) in other non-current assets	(3,290)	(989)
BBBB	Net cash provided by (used in) investing activities	(55,037)	(5,846)
CCCC	Cash flows from financing activities:		
C00100	Repayments of short-term loans	(52,821)	(35,329)
C01600	Increase in long-term loans	-	220,000
C01700	Repayments of long-term loans	(220,000)	(320,000)
C04500	Cash dividends paid	(7,849)	-
C04600	Capital increase by cash	1,181,500	-
C09900	Other items - overdue unclaimed cash dividend listed as capital surplus	244	237
CCCC	Net cash provided by (used in) financing activities	901,074	(135,092)
EEEE	Increase in cash and cash equivalents	1,348,440	115,101
E00100	Cash and cash equivalents at beginning of period	483,826	368,725
E00200	Cash and cash equivalents at end of period	$1,832,266	$483,826

(The accompanying notes are an integral part of the consolidated financial statements.)

1. HISTORY AND ORGANIZATION

LuxNet Corporation (referred to "the Company") was incorporated on November 15, 2001, and registered under the Ministry of Economic Affairs, ROC. The address of the Company's registered office is No. 6, Hejiang Road, Zhongli, Taoyuan.

The major business activities of Company and subsidiaries (together referred to as "the Group") were the manufacturing, processing and sale of electronic components and active components for optical communication and the retail sale of electronic materials.

The Company's common shares were publicly listed on the Taipei Exchange ("TPEx") on December 12, 2011.

2. DATE AND PROCEDURE OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUANCE

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended December 31, 2023 and 2022 were authorized for issue by the board of directors on March 8th, 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

		issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(a) Classification of Liabilities as Current or Non-current –Amendments to IAS 1

The amendments are the amendments to paragraphs 69-76 of IAS 1 presentationof financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessee additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard..

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

This amendment is intended to improve the provision of information on long-term debt contracts. The description of the contractual provisions to be complied with in the last 12 months of the reporting period does not affect the classification of such liabilities as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The new or amended standards and interpretations have no material impact on the Group.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(a) IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

This amendment clarifies the inter-currency convertibility and non-convertibility, and how the exchange rate is determined when the currency lacks convertibility, and adds additional disclosure requirements in the event of currency non-convertibility. These amendments shall be applicable for fiscal years beginning after January 1, 2025 of the Republic of China

The above mentioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group assesses all standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing

Interpretations Committee as endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of New Taiwan Dollars ("NT$") unless otherwise specified.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) Exposure, or rights, to variable returns from its involvement with the investee, and
(c) The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee
(b) Rights arising from other contractual arrangements
(c) The Company's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the NCIs even if this results in a deficit balance of the NCIs.

If the Group loses control of a subsidiary, it:

(a) Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) Derecognizes the carrying amount of any non-controlling interest;
(c) Recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
(f) recognizes the resulting difference in profit or loss.

The consolidated entities are listed as follows:

			Percentage of ownership (%)	
			As of	
Investor	Subsidiary	Main businesses	Dec. 31, 2023	Dec. 31, 2022
The Company	Toplight Corporation	Holding Company	100%	100%
Toplight Corporation	Toptrans Corporation Limited	Holding Company	100%	100%

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollar, which is the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. At the reporting date, monetary items denominated in foreign currencies are retranslated at the prevailing functional currency closing rate of exchange; non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date when the fair value is determined; and non-monetary items measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising from the settlement or translation of monetary items are taken to profit or loss in the period in which they arise, except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(b) The Group holds the asset primarily for the purpose of trading.
(c) The Group expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle.
(b) The Group holds the liability primarily for the purpose of trading.
(c) The liability is due to be settled within twelve months after the reporting period.
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial instruments: Recognition and Measurement

The Group accounts for regular way purchases or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A.the Group’s business model for managing the financial assets and ;
B.the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables, etc., on the balance sheet as at the reporting date:

A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and ;
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.
Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

A. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

B. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and ;
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described below:

A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

i. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(b) Impairment of financial assets

The Group is recognized a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
B. the time value of money; and
C. the reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(c) Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired.
ii. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
iii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(d) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
ii. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or losses including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – At actual purchase cost, using the weighted average method.
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

(11) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "*Property, plant and equipment*". When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3 to 50 years
Machinery and equipment	1 to 10 years
Office equipment	5 to 10 years
Other equipment	3 years

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments discount using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses it's incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements’ comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.
Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies information applied to the Group’s intangible assets is as follows:

	Cost of Computer Software
Useful life	1 to 5 years
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

(14) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sale of goods

The Group mainly manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is active components for optical communication and modules and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The credit period of the Group's sale of goods is from 30 to 105 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as account receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(16) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(17) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(18) Post-employment benefits

All regular employees of the Company are entitled to pension plans that are managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations and the contribution is expensed as incurred.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(19) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(20) Income taxes

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not result in equivalent taxable and deductible temporary differences at the time of the transaction.

ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not result in equivalent taxable and deductible temporary differences at the time of the transaction.
ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.
Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

A. Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Accounts receivables - estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6(16) for more details.

C. Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6(4) for more details.

D. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc. Please refer to Note 6(11) for more details.

E. Property, Plant and Equipment Impairment Assessment

During the asset impairment assessment process, the Group must rely on subjective judgments, including identifying the recoverable amount of the cash generating unit and determining the recoverable amount of the cash generating unit based on asset usage model and industry characteristics. The estimated changes brought about may cause significant impairment or reversal of recognized impairment losses in the future. Please refer to Note 6(5) for more details.

F. Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

G. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of	
	Dec. 31, 2023	Dec. 31, 2022
Cash on hand	$75	$106
Saving	605,011	331,590
Time deposit	1,227,180	152,130
Total	$1,832,266	$483,826

(2) Financial assets measured at fair value through other comprehensive income

	As of	
	Dec. 31, 2023	Dec. 31, 2022
Equity instruments investments measured at fair value through other comprehensive income - Non-current		
Unlisted companies stocks	$131,836	$126,347

The Group classifies certain of its financial assets as financial assets measured at fair value through other comprehensive income, which were not pledged.

(3) Accounts receivable

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of	
	Dec. 31, 2023	Dec. 31, 2022
Accounts receivable arising from operating activities	$347,904	$301,827
Less: loss allowance	(47,430)	(47,425)
Total	$300,474	$254,402

Accounts receivable are generally on 30～105 days terms. The total carrying amount were NT$ 347,904 thousand and NT$301,827 thousand as of December 31, 2023 and 2022, respectively. Please refer to Note 6(15) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022, respectively. Please refer to Note 12 for more details on credit risk.

Account receivables were not pledged.

(4) Inventories

A. Details of inventories:

	As of	
	Dec. 31, 2023	Dec. 31, 2022
Raw material	$311,274	$202,648
Work in process	74,570	92,955
Finished goods	174,103	171,421
Total	$559,947	$467,024

B. The cost of inventories recognized in expenses amount to NT$2,382,737 thousand and NT$ 921,760 thousand for the years ended December 31, 2023 and 2022, respectively.

The following loss (gains) were included in cost of sale:

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Item	For the year ended December 31, 2023	2022
Loss (Gain) from inventory market decline and write-off obsolescence	$(52,831)	$(85,246)
Loss from disposed	113,186	117,046
Inventory deficit	-	215
Gains on sale of scrap	(298)	(381)
Unallocated manufacturing overhead resulting from the actual production being lower than the normal capacity	99,638	105,572
Total	$159,695	$137,206

The Group recognized gains on reversal of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed for the years ended December 31, 2023 and 2022.

C. The inventories were not pledged.

(5) Property, plant and equipment

	As of Dec. 31, 2023	Dec. 31, 2022
Owner occupied property, plant and equipment	$654,255	$706,069

A. Owner occupied property, plant and equipment

	Land	Buildings	Machinery and Equipment	Office Equipment	Other Equipment	Equipment awaiting inspection	Total
Cost:							

As of Jan. 1, 2023	$247,696	$362,779	$1,352,551	$5,239	$548	$3,378	$1,972,191
Additions	-	-	180	-	-	48,773	48,953
Disposals	-	-	(11,060)	-	-	-	(11,060)
Reclassification	-	-	48,270	-	-	(48,270)	-
As of Dec. 31, 2023	$247,696	$362,779	$1,389,941	$5,239	$548	$3,881	$2,010,084
As of Jan. 1, 2022	$247,696	$362,779	$1,330,373	$5,239	$-	$27,574	$1,973,661
Additions	-	-	-	-	-	8,138	8,138
Disposals	-	-	(9,608)	-	-	-	(9,608)
Reclassification	-	-	31,786	-	548	(32,334)	-
As of Dec. 31, 2022	$247,696	$362,779	1,352,551	$5,239	$548	$3,378	$1,972,191
Depreciation and impairment:							
As of Jan. 1, 2023	$-	$122,313	$1,138,646	$5,127	$36	$-	$1,266,122
Depreciation	-	8,196	85,049	112	183	-	93,540
Impairment losses	-	-	7,209	-	-	-	7,209
Disposal	-	-	(11,042)	-	-	-	(11,042)
As of Dec. 31, 2023	$-	$130,509	$1,219,862	$5,239	$219	$-	$1,355,829
As of Jan. 1, 2022	$-	$110,810	$1,033,759	$4,507	$-	$-	$1,149,076
Depreciation	-	11,503	96,209	620	36	-	108,368
Impairment losses	-	-	15,354	-	-	-	15,354
Disposal	-	-	(6,676)	-	-	-	(6,676)
As of Dec. 31, 2022	$-	$122,313	$1,138,646	$5,127	$36	$-	$1,266,122
Net carrying amount:							
As of Dec. 31, 2023	$247,696	$232,270	$170,079	$ -	$329	$3,881	$654,255
As of Dec. 31, 2022	$247,696	$240,466	$213,905	$112	$512	$3,378	$706,069

B. The Group recognized an impairment loss amounting to NT$7,227 thousand and NT$15,381 thousand on certain real estate to an extent of the recoverable value in 2023 and 2022, respectively. The impairment loss has been recorded in the other gains and losses. The recoverable amount is measured at the value in use at the cash generating unit level.

C. For the years ended December 31, 2023 and 2022, the NT$18 thousand and NT$ 27 thousand gain on reversal of impairment loss represented the sold of certain property, plant and equipment in the Group. These have been recognized in the other gains and losses.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Please refer to Note 8 for more details on property, plant and equipment under pledged.

(6) Intangible assets

	Computer software
Cost:	
As of Jan. 1, 2023	$31,465
Additions – acquired separately	850
Deduction	-
As of Dec. 31, 2023	$32,315
As of Jan. 1, 2022	$29,245
Additions – acquired separately	2,220
Deduction	-
As of Dec. 31, 2022	$31,465
Amortization and Impairment:	
As of Jan. 1, 2023	$30,847
Amortization	594
Deduction	-
As of Dec. 31, 2023	$31,441
As of Jan. 1, 2022	$28,725
Amortization	2,122
Deduction	-
As of Dec. 31, 2022	$30,847
Carrying amount, net:	
As of Dec. 31, 2023	$874
As of Dec. 31, 2022	$618

Amounts of amortization recognized for intangible assets are as follows:

	For the year ended December 31,

	2023	2022
Operating costs	$38	$-
Sales and marketing expenses	6	-
General and administrative expenses	45	53
Research and development expenses	505	2,069
Total	$594	$2,122

(7) Other non-current assets

	As of	
	Dec. 31, 2023	Dec. 31, 2022
Other non-current assets-others	$3,845	$304
Net defined benefit asset	2,385	2,186
Total	$6,230	$2,490

(8) Short-term borrowings

	As of	
	Dec. 31, 2023	Dec. 31, 2022
Unsecured bank loans	$-	$52,821
Interest rate (%)	-	5.26%

The Group’s unused short-term lines of credits amount to NT$1,127,250 thousand and NT$904,604 thousand as of December 31, 2023 and 2022, respectively.

(9)Long-term borrowings

A. Details of long-term borrowings were as follows:

Debtor	As of Dec. 31, 2022	Interest Rate (%)	Maturity date and terms of repayment
CTBC Bank	$220,000	1.72%	Period from August 12, 2022 to August 12, 2024, the total amount of the loan is NT$220,000 thousand, the principal is paid in due, and the interest is paid monthly.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Less: current portion	-
Non-current portion	$220,000

B. Please refer to Note 8 for more details on assets pledged for long-term loans.

(10)Post-employment benefits

Defined contribution plan

The Group's Taiwan domestic company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group's Taiwan domestic company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group's Taiwan domestic company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT$11,686 thousand and NT$11,270 thousand, respectively.

Defined benefits plan

The Group's Taiwan domestic company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Group's Taiwan domestic company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Group's Taiwan domestic company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Group's Taiwan domestic company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Group's Taiwan domestic company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group's Taiwan domestic company expects to contribute NT$30 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2023 and 2022, the maturities of the Group's Taiwan domestic company defined benefit plan were expected in 2037 and 2039, respectively..

Pension costs recognized in profit or loss for the years ended December 31, 2023 and 2022:

	For the year ended December 31,	
	2023	2022
Net interest of defined benefit liability (asset)	$(988)	$(10)

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	Dec.31, 2023	Dec.31, 2022	Jan.1, 2022
Defined benefit obligation	$2,423	$2,406	$3,029
Plan assets at fair value	(4,808)	(4,592)	(4,154)
Subtotal	(2,385)	(2,186)	(1,125)
Net defined benefit expected to contribute during the 12 months	-	-	-
Other non-current liabilities – net defined benefit liability (asset) on the consolidated balance sheets	$(2,385)	$(2,186)	$(1,125)

Reconciliation of liability (asset) of the defined benefit plan is as follows:

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
As of Jan. 1, 2022	3,029	(4,154)	(1,125)
Current period service costs	-	-	-
Net interest expense (revenue)	27	(37)	(10)
Past service cost, gains and losses arising from settlements	-	-	-
Subtotal	27	(37)	(10)
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(152)	-	(152)
Experience adjustments	(498)	(306)	(804)
Re-measurement on defined benefit assets	-	-	-
Subtotal	(650)	(306)	(956)
Payments from the plan	-	-	-
Contributions by employer	-	(95)	(95)
As of Dec. 31, 2022	$2,406	$(4,592)	$(2,186)
Current period service costs	50	-	50
Net interest expense (revenue)	34	(1,072)	(1,038)
Past service cost, gains and losses arising from settlements	-	-	-
Subtotal	84	(1,072)	(988)
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	31	-	31
Experience adjustments	(98)	995	897
Re-measurement on defined benefit assets	-	-	-

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Subtotal	(67)	995	928
Payments from the plan	-	-	-
Contributions by employer	-	(139)	(139)
As of Dec. 31, 2023	$2,423	$(4,808)	$(2,385)

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of	
	Dec.31, 2023	Dec.31, 2022
Discount rate	1.30%	1.40%
Expected rate of salary increases	2.00%	2.00%

A sensitivity analysis for significant assumption as shown below:

	Effect on the defined benefit obligation			
	2023		2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	$-	$(76)	$-	$(77)
Discount rate decrease by 0.25%	81	-	80	-
Future salary increase by 0.25%	78	-	78	-
Future salary decrease by 0.25%	-	(74)	-	(75)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11)Other payables

	As of	
	Dec. 31, 2023	Dec. 31, 2022
Accrued expense	$110,847	$71,432
Accrued interest	-	385
Payables on equipment	1,048	2,954
Total	$111,895	$74,771

(12)Equity

A. Common stock

The Company's authorized capital were NT$2,000,000 thousand as of December 31, 2023 and 2022. The Company's paid-in capital were NT$1,408,398 thousand and NT$1,323,578 thousand, respectively, each share at par value of NT$10, divided into 140,840 thousand shares and 132,358 thousand shares, respectively. Each share represents a voting right and a right to receive dividends.

On March 17, 2022, the board of directors resolved to cancel restricted stocks, and the amount of the capital reduction is NT$580 thousand. The measurement date was on March 21, 2022.

On May 4, 2022, the board of directors resolved to cancel restricted stocks, and the amount of the capital reduction is NT$757 thousand. The measurement date was on May 9, 2022.

On August 4, 2022, the board of directors resolved to cancel restricted stocks, and the amount of the capital reduction is NT$200 thousand. The measurement date was on August 8, 2022.

On March 16, 2023, the board of directors resolved to cancel restricted stocks, and the amount of the capital reduction is NT$180 thousand. The measurement date was on March 20, 2023.

On August 3, 2023, the board of directors resolved a cash capital increase by issuing 8,500 thousand shares, at an issuance price of $139 per share, with the base date set on Dec. 18, 2023, and FSC(with Ruling No.1120358757) on September 28, 2023.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Capital surplus

	As of	
	Dec. 31, 2023	Dec. 31, 2022
Additional paid-in capital	$1,095,017	$-
Restricted stocks for employees	3,650	3,909
Overdue unclaimed cash dividend listed as capital surplus	481	237
Total	$1,099,148	$4,146

According to the Taiwan Company Act, the capital surplus shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company up to a certain percentage of paid-in capital. The said capital surplus could be distributed in cash to its shareholders in proportion to the number of shares being held by each of them.

On June 17, 2022, the Company’s shareholders’ meetings resolved to offset the accumulated losses by the capital reserve of NT$122,879 thousand.

C. Retained earnings and dividend policies

(a) Earning distribution

In accordance with the provisions of the Articles of Association of the Company as amended by the resolution of the shareholders' meeting on June 20, 2023， the Company’s Articles of Incorporation, current year’s earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, When dividends and dividends are distributed in whole or in part, by way of issuing new shares, they shall be distributed by resolution of the shareholders' meeting; Authorize the Board of Directors to attend the resolution of more than two-thirds of the Directors and a majority of the Directors in the event of cash distribution, and report to the shareholders' meeting; To distribute all or part of the statutory surplus reserve and capital reserve, authorize the board of directors to present at least two-thirds of the directors and the resolution of a majority of the directors present at the resolution of the directors to release cash and report to the shareholders' meeting.

(b) Dividend policies

The Company will take into account the future capital needs and long-term financial planning, and the surplus distribution will be appropriately paid by means of stock dividends or cash dividends, of which the total cash dividends shall not be less than 10% of the total dividends paid to shareholders in the current year.

(c) Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

(d) Special reserve

The FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by proportion and transfer to retained earnings.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company did not incur any special reserve upon the first-time adoption of T-IFRS.

(e)

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on March 8, 2024 and June 20, 2023, respectively, are as follows:

	Appropriation of earnings	Appropriation of earnings	Dividend per share (in NT$)	Dividend per share (in NT$)
	2023	2022	2023	2022
Legal reserve	$44,146	$10,943		
Special reserve	(5,489)	20,088		
Common stock – cash dividend	201,401	7,849	1.4300	0.0593
Total	$240,058	$38,880		

Please refer to Note 6(16) for details on employees' compensation and remuneration to directors and supervisors.

(13)Share-based payment plans

A. Restricted stocks plan for employees

On June 14, 2019, the shareholders' meetings resolved to issue of 3,000 thousand shares of restricted stocks for employees. The grantee is limited to employees who meet certain conditions. The restricted stocks have been approved by the Securities and Futures Bureau. On May 5, 2020, and August 1, 2019, the board of directors resolved to issue 354 thousand shares and 2,646 thousand shares, respectively.

The relevant details of the aforementioned share-based payment plan are as follows:

Type of agreement	Date of grant	Vesting period	Total number of share options granted (in thousand shares)	Strike price (NT$)	Fair value of share options (NT$)
Restricted stocks for employees	May 26, 2020	1 to 3 years of service	354	$-	$24.40
Restricted stocks for employees	August 2, 2019	1 to 3 years of service	2,646	$-	$20.15

The vesting conditions of the aforementioned share-based payment plan are as below:

Vesting conditions	Proportion of vested shares
Within 1 year starting the granted date	1/3 of allotted shares
Within 2 years starting the granted date	1/3 of allotted shares
Within 3 years starting the granted date	1/3 of allotted shares

Restriction on employee’s right after granted but before vested:

(a)The granted employee commit to the custodian institution, and shall not sell, pledge, transfer, donate, or dispose in any other ways, the right of restricted shares before achieving the vesting conditions.

(b)After new shares of restricted shares are issued, the granted employee should immediately commit to the custodian institution, and not to ask the trustee to return the restricted shares in any other reasons or ways before achieving the vesting conditions.

(c)The restricted shares for employees can participate in receiving dividends during the vesting period.

(d)The right to vote and elect in a shareholders’ meeting shall be executed by custodian institution in accordance with related regulations.

If an employee voluntarily resigns, retires or was severed, the vested conditions of restricted shares were not meet, the Company will purchase and write off all shares of an employee who fails to comply with the vesting conditions at the lower of issuance price or TPEx closing price, and the dividend distributed should be returned to the Company also.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The following table contains further details on the aforementioned share-based payment plan:

	For the year ended December 31,	
	2023	2022
	Number of share options outstanding (in thousand shares)	Number of share options outstanding (in thousand shares)
Outstanding at beginning of period	21	502
Vested	(3)	(341)
Expired	(18)	(140)
Outstanding at end of period	-	21

B. Employees Share-based Payment Plan

On August 3, 2023, the Company issued new shares through the resolution of the Board of Directors to increase capital in cash, and retained part of them as employees to subscribe.

(1) The above information on the cash capital increase employee stock option plan is summarized below

	For the year ended December 31,	
	Unit (in thousand shares)	Weighted average strike price (dollars/ shares)
Outstanding at beginning of period	-	$-
Issued	850	-
Exercised	(803)	139
Expired	(47)	-
Outstanding at end of period	-	
The issue gives it a fair value for the options (dollars/ shares)	$1.73	

(2)The Cash capital increase reserved for employee in 2023 is measured using the Black-Scholes optionpricing model. Relevant information is as follows:

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	2023.10.02
Market price of grant (dollars/ shares)	$138
Vested Price(dollars/ shares)	$139
Expected price volatility rate	72.47%
Expected life	0.003year
Risk-free interest rate	0.8550%

The expected volatility is annualized based on the standard deviation of the Company's trading day return in the previous year.

C. The expense recognized for employee services received for the years ended December 31 2023 and 2022, is shown in the following table:

	For the year ended December 31,	
	2023	2022
Total expense arising from equity-settled share-based payment transactions	$1,078	$(711)

D. Modification or cancellation of the share-base payment plan for employees

No modification or cancellation of the share-base payment plan has occurred during the years ended December 31, 2023 and 2022.

(14)Operating revenue

	For the year ended December 31,	
	2023	2022
Revenue from customer contracts		
Sales of goods	$2,956,487	$1,318,546

A. Disaggregation of revenue

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Single Department	
	For the year ended December 31,	
	2023	2022
a. Primary geographical markets		
Taiwan	$139,243	$107,154
China	110,459	234,535
North America	2,681,905	948,901
Other	24,880	27,956
Total	$2,956,487	$1,318,546
b. Major product		
Active components for optical communication and modules	$2,734,665	$1,124,429
Chips	135,536	123,298
Other	86,286	70,819
Total	$2,956,487	$1,318,546
The timing for revenue recognition:		
At a point in time	$2,956,487	$1,318,546

B. Contract balances

Contract liabilities – current

	As of		
	Dec. 31, 2023	Dec. 31, 2022	Jan. 1, 2022
Sales of goods	$6,255	$2,874	$6,574

For the year ended December 31, 2023, contract liabilities increased because part of the consideration was received from customers and the underlying obligations/services should be provided afterwards.

For the year ended December 31, 2022, contract liabilities decreased because certain performance obligations embedded in the beginning contract liabilities were fulfilled and recognized as revenues.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2023 and 2022, there were no information of unsatisfied performance obligations provided in the consolidated financial statements because the durations of the Group's revenue contracts were all less than one year.

D. Assets recognized from costs to fulfill a contract

None.

(15)Expected credit losses

	For the year ended December 31,	
	2023	2022
Operating expenses – Expected credit losses (gains)		
Accounts receivables	$5	$(4,680)

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its accounts receivables (including note receivables and accounts receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2023 and 2022, respectively, are as follow:

A. The Group considers the grouping of accounts receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follow:

As of December 31, 2023

		Overdue			
	Not yet due	1-120 days	121-365 days	More than 365 days	Total

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Gross carrying amount	$299,650	$854	$-	$47,400	$347,904
Loss ratio	0.01～3%	0.01～3%	30%	100%	
Lifetime expected credit losses	(30)	-	-	(47,400)	(47,430)
Carrying amount of accounts receivables	$299,620	$854	$-	$-	$300,474

As of December 31, 2022

		Overdue			
	Not yet due	1-120 days	121-365 days	More than 365 days	Total
Gross carrying amount	$244,809	$9,619	$-	$47,399	$301,827
Loss ratio	0.01～3%	0.01～3%	30%	100%	
Lifetime expected credit losses	(25)	(1)	-	(47,399)	(47,425)
Carrying amount of accounts receivables	$244,784	$9,618	$-	$-	$254,402

B. The movement in the provision for impairment of note receivables, accounts receivables and other receivables during the years ended December 31, 2023 and 2022 respectively, is as follows:

	Note receivables	Accounts receivables	Other receivables
As of Jan. 1, 2023	$-	$47,425	$3,003
Addition (reversal) to the current period	-	5	-
As of Dec. 31, 2023	$-	$47,430	$3,003
As of Jan. 1, 2022	$-	$52,105	$3,662
Addition (reversal) to the current period	-	(4,680)	(659)
As of Dec. 31, 2022	$-	$47,425	$3,003

(16)Summary statement of employee benefits, depreciation and amortization by function during the years ended December 31, 2023 and 2022, is as follows:

Function / Nature	For the year ended December 31,					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total

Employee benefit						
Salaries & wages	$195,904	$58,975	$254,879	$173,816	$60,002	$233,818
Labor and health insurance	21,712	4,774	26,486	18,003	5,121	23,124
Pension	9,107	1,591	10,698	8,431	2,829	11,260
Directors' remuneration	-	15,321	15,321	-	6,278	6,278
Other employee benefit expense	10,575	4,849	15,424	9,040	2,774	11,814
Depreciation	82,426	11,114	93,540	93,944	14,424	108,368
Amortization	1,320	594	1,914	627	2,180	2,807

According to the Company's Articles of Incorporation, between 5% to 15% of profit of the current year is distributable as employees' compensation and no more than 5% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, a report of such distribution is submitted to the shareholders' meeting. The pervading target given of shares or in cash includes the employees of the Company's subsidiaries or affiliated companies under certain requirements. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended December 31, 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors to be NT$23,784 thousand and NT$9,514 thousand, respectively, which were recognized as payroll expenses. The Company recognized the amounts of the employees' compensation and remuneration to directors to be NT$23,784 thousand and NT$9,514 thousand for the year ended December 31, 2023.
A resolution was approved in a meeting of the Board of Directors held on March 8, 2024 to distribute NT$23,784 thousand and NT$9,514 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no differences between the aforementioned approved amounts and the amounts charged against earnings in 2023.

Based on profit of the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors to be NT$5,832 thousand and NT$2,333 thousand, respectively, which were recognized as payroll expenses. The Company recognized the amounts of the employees' compensation and remuneration to directors to be

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NT$5,832 thousand and NT$2,333 thousand for the year ended December 31, 2022.

A resolution was approved in a meeting of the Board of Directors held on March 16, 2023 to distribute NT$5,832 thousand and NT$2,333 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no differences between the aforementioned approved amounts and the amounts charged against earnings in 2022.

(17)Non-operating incomes and expenses

A. Interest incomes

	For the year ended December 31,	
	2023	2022
Interest income		
Financial assets measured at amortized cost	$8,645	$3,147

B. Other incomes

	For the year ended December 31,	
	2023	2022
Government grants income	$15	$10
Other income – others	593	4,183
Total	$608	$4,193

C. Other gains and losses

	For the year ended December 31,	
	2023	2022
Gain (Loss) on disposal of property, plant and equipment	$182	$159
Loss on deposit of prepayments for equipment	(7,227)	(15,381)
Impairment loss on property, plant and equipment	18	27
Reversal of impairment loss on property	1,863	12,179

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

plant and equipment		
Foreign exchange gain (loss), net	-	(611)
Others expenses – others	$(5,164)	$(3,627)
Total	$182	$159

D. Finance costs

	For the year ended December 31,	
	2023	2022
Interest on bank loans	$4,671	$7,086

(18)Components of other comprehensive income

For the year ended December 31, 2023

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$(928)	$-	$(928)	$-	$(928)
Unrealized gain (loss) on equity instruments investments measured at fair value through other comprehensive income	5,489	-	5,489	-	5,489
Total of other comprehensive income	$4,561	$-	$4,561	$-	$4,561

For the year ended December 31, 2022

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	Other comprehensive income,

					net of tax
Items that not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$956	$-	$956	$-	$956
Unrealized gain (loss) on equity instruments investments measured at fair value through other comprehensive income	(190,760)	-	(190,760)	-	(190,760)
Total of other comprehensive income	$(189,804)	$-	$(189,804)	$-	$(189,804)

(19)Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the year ended December 31,	
	2023	2022
Current income tax expense (income):		
Current income tax expense	$-	$-
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	-	-
Total income tax expense	$-	$-

B. Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2023	2022
Accounting profit (loss) before tax from continuing operations	$442,388	$270,795
	$88,478	$54,159
Tax payable at the enacted tax rates	9	15

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Tax effect of expenses not deductible for tax purposes	(88,936)	(54,449)
Tax effect of deferred tax assets/liabilities	449	275
Adjustments in respect of current income tax of prior periods	$-	$-
Total income tax expense recognized in profit or loss	$442,388	$270,795

C. Deferred tax assets (liabilities) relate to the following:

As of December 31, 2023 and 2022, deferred tax assets (liabilities) both amount to NT$0, respectively.

D. Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not been recognized as they may not be used to offset future taxable profits amount to NT$273,849 thousand and NT$362,785 thousand, respectively.

E. The following table contains the information of unused tax losses of the Group:

The Company

	As of		
Year	Dec. 31, 2023	Dec. 31, 2022	Maturity
2017	$-	$310,160	2027
2018	378,344	433,701	2028
2019	306,436	306,436	2029
2020	130,302	130,302	2030
2021	336,455	336,455	2031
Total	$1,151,537	$1,517,054	

F. The assessment of income tax return

As of December 31, 2023, income tax returns of the Company was assessed and approved up to 2021.

(20)Earnings per share

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. Basic earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the ordinary shareholders of the parent entity by the weighted average number of common shares outstanding during the year.

	For the year ended December 31,	
	2023	2022
Profit (loss) attributable to ordinary equity holders of the Company (in thousand NT$)	$442,388	$270,795
Weighted average number of ordinary shares outstanding (in thousand shares)	132,475	132,146
Basic earnings per share (in NT$)	$3.34	$2.05

B. Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the year ended December 31,	
	2023	2022
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$442,388	$270,795
Weighted average number of ordinary shares outstanding (in thousand shares)	132,475	132,146
Effect of dilution:		
Employee bonus – stock (in thousand shares)	192	147
Weighted average number of common shares outstanding after dilution (in thousand shares)	132,667	132,293

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the year ended December 31,	
	2023	2022
Diluted earnings per share (in NT$)	$3.33	$2.05

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. RELATED PARTY TRANSACTIONS

(1) Deal with related parties as of the end of the reporting period

Related parties and Relationship

Related parties	Relationship
Optoway Technology Incorporation	The entity with significant influence over the Group
Chien Hui Bin	The second relative of the chairman of the company

(2) Significant transactions with related parties

A. Sales

	For the year ended December 31,	
	2023	2022
Optoway Technology Incorporation	$-	$581

Selling prices to related parties are similar to those to third party customers. The collection terms with related parties were about 30 days after monthly closing, whereas the terms with other customers were 30 to 105 days after monthly closing.

B. Optoway Technology Incorporation provide the Group the technical services in the amount of NT$ 8,685 thousand and NT$6,462 thousand as of December 31, 2023 and 2022, respectively, which was recorded under research and development expenses. As of December 31, 2023 and 2022, the amount of NT$790 thousand has not been paid, which were recorded under other payables - related parties.

C. Chien Hui Bin provide the Group the consulting services in the amount of NT$ 173 thousand as of December 31, 2023, which was recorded under manegment expenses. As of December 31, 2023, the amount of NT$30 thousand has not been paid, which were recorded under other payables - related parties.

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D. For the year ended December 31, 2022, the Group sold machinery to Optoway Technology Incorporation in the amount of NT$3,091 thousand and therefore recognized gain from disposal of property, plant and equipment in the amount of NT$159 thousand and reversal of impairment losses in the amount of NT$27 thousand.

E. Salaries and rewards to key management of the Group

	For the year ended December 31,	
	2023	2022
Short-term employee benefits	$20,989	$14,452
Post-employee benefits	311	442
Share-based payment	-	131
Total	$21,300	$15,025

For detailed information on the total salaries and rewards to key management of the Group, please refer to the annual report of the shareholders meeting.

8. PLEDGED ASSETS

The following assets of the Group are pledged as collaterals:

	Carrying Amount As of		
Item	Dec. 31, 2023	Dec. 31, 2022	Secured liabilities
Property, plant and equipment – land	$247,696	$247,696	Long-term secured loans
Property, plant and equipment – buildings	232,270	240,466	Long-term secured loans
Total	$479,966	$488,162	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of December 31, 2023 and 2022, the details of significant contingencies and unrecognized contract commitments were as follows (in thousand dollars):

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Nature of Contract	As of Dec. 31, 2023	As of Dec. 31, 2022
Guarantee notes issued as collateral for bank loans	USD 17,500	USD 17,500
	NTD 1,025,000	NTD 1,025,000

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of Dec. 31, 2023	As of Dec. 31, 2022
Financial assets measured at fair value through other comprehensive income	$131,836	$126,347
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	1,832,191	483,720
Accounts receivables	300,474	254,402
Other receivables	25,509	14,160
Subtotal	2,158,174	752,282
Total	$2,290,010	$878,629

Financial liabilities

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of	
	Dec. 31, 2023	Dec. 31, 2022
Financial liabilities at amortized cost:		
Short-term borrowings	$-	$52,821
Accounts payables	362,421	302,121
Other payables (includes related parties)	112,715	75,561
Long-term borrowings	-	220,000
Total	$475,136	$650,503

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies, measures, and manages the aforementioned risks based on Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, the due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the

Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables; therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency USD. The information of the sensitivity analyses is as follows:

When NTD is weakened/strengthened against foreign currency USD by 5%, the profit for the years ended December 31, 2023 and 2022 increased/decreased by NT$13,595 thousand and NT$5,714 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and borrowings with variable interest rates. If interest rate increases/decreases by 10 basis points, the net income (loss) for the years ended December 31, 2023 and 2022 would increase/decrease by NT$605 thousand and decreases / increases by NT$59 thousand, respectively.

Equity price risk

The fair value of the Group's unlisted equity securities to market price risk arising from uncertainties about future values of the investment securities. The Group's unlisted equity securities measured at financial assets measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's board of directors reviews and approves all equity investment decisions.

Please refer to Note 12(8) for sensitivity analysis information of other equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain counterparties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of December 31, 2023 and 2022, accounts receivables from top ten customers represented 85% and 83% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivable is relatively insignificant.

Credit risk from balances with banks and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for the trade receivables, the remaining debt instrument investments which are not measured atfair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis. An assessment is made at each reporting date as to whether the credit risk has substantially increased in order to determine the method of measuring the loss allowance and the loss ratio. As of December 31, 2023 and 2022, the Group didn't have debt instrument investments which are not measured atfair value through profit or loss.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Group's objective is to a balance between continuity of funding and flexibility through the use cash and cash equivalents, bank loans, etc. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	1 to 5 years	Total
As of December 31, 2023			
Accounts payables	$362,421	$-	$362,421
Other payables	112,715	-	112,715
As of December 31, 2022			
Short-term borrowings	$53,284	$-	$53,284
Accounts payables	302,121	-	302,121
Other payables	75,561	-	75,561
Long-term borrowings	3,991	222,322	226,313

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2023:

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Short-term borrowings	Long-term borrowings	Total liabilities from financing activities
As of Jan. 1, 2023	$52,821	$220,000	$272,821
Cash flows	(52,821)	(220,000)	(272,821)
Non-cash flows	-	-	-
As of Dec. 31, 2023	$ -	$ -	$ -

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term borrowings	Long-term borrowings	Total liabilities from financing activities
As of Jan. 1, 2022	$88,150	$320,000	$408,150
Cash flows	(35,329)	(100,000)	(135,329)
Non-cash flows	-	-	-
As of Dec. 31, 2022	$52,821	$220,000	$272,821

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell a financial assets or paid to transfer a financial liabilities in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and liabilities:

(a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturities.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities etc.) at the report date.

(c) Fair value of equity instruments without market quotations (including private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(d) Fair value of bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).

(e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measure at amortized cost approximates their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis, the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023

Financial assets:	Level 1	Level 2	Level 3	Total
Equity instrument measured at fair value through other comprehensive income	$-	$-	$131,836	$131,836

As of December 31, 2022

Financial assets:	Level 1	Level 2	Level 3	Total
Equity instrument measured at fair value through other comprehensive income	$-	$-	$126,347	$126,347

Transfers between Level 1 and Level 2 during the period

For the year ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value hierarchy.

Reconciliations for fair value measurement in Level 3 of the fair value hierarchy

For the year ended December 31, 2023 and 2022, the fair value hierarchy for movements during the period is as follows:

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Financial assets measured at fair value through other comprehensive income
As of Jan. 1, 2023	$126,347
Amount recognized in other comprehensive income (presented in "Unrealized gain (loss) on equity instruments investments measured at fair value through other comprehensive income)	5,489
As of Dec. 31, 2023	$131,836

	Financial assets measured at fair value through other comprehensive income
As of Jan. 1, 2022	$317,107
Amount recognized in other comprehensive income (presented in "Unrealized gain (loss) on equity instruments investments measured at fair value through other comprehensive income)	(190,760)
As of Dec. 31, 2022	$126,347

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks	Market comparable	Multiplier of	2.9	The higher the	Increase (decrease) in the

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	listed company approach	price-to book ratio		multiplier of price-to book ratio, the higher the fair value of the stocks	book to market ratio multiples by 10% would result in decrease (increase) in the Group's profit or loss by NT$13,184 thousand.
		Discount for lack of marketability	34.00%	The higher the discount for lack of marketability, the lower the fair value of the stocks	Increase (decrease) in the book to market ratio multiples by 10% would result in decrease (increase) in the Group's profit or loss by NT$5,898 thousand.

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks	Market comparable listed company approach	Multiplier of price-to book ratio	1.95	The higher the multiplier of price-to book ratio, the higher the fair value of the stocks	Increase (decrease) in the book to market ratio multiples by 10% would result in decrease (increase) in the Group's profit or loss by NT$12,635 thousand.
		Discount for lack of marketability	29.17%	The higher the discount for lack of marketability, the lower the fair value of the stocks	Increase (decrease) in the book to market ratio multiples by 10% would result in decrease (increase) in the Group's profit or loss by NT$5,203 thousand.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's financial department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information and represent exercisable prices. The department analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies at each reporting date.

(9) Significant financial assets and liabilities denominated in foreign currencies

Information regarding the Group's significant financial assets and liabilities denominated in foreign currencies was listed below (In thousands dollars):

	As of					
	December 31, 2023			December 31, 2022		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	$18,322	30.70	$562,779	$13,918	30.71	$427,432
Financial liabilities						
Monetary items:						
USD	$9,475	30.70	$290,887	$10,197	30.71	$313,150

The above information is disclosed based on the carrying amount of foreign currency (after converted to functional currency).

The Group's entities' functional currencies are various and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain (loss) were NT$1,863 thousand and NT$12,179 thousand for the years ended December 31, 2023 and 2022, respectively.

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages and adjusts its capital structure considering changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. OTHER DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others: Please refer to attachment 1.

B. Endorsement/Guarantee provided to others: None.

C. Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.

D. Individual securities acquired or disposed of with accumulated amount of at least NT$ 300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

E. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

F. Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

G. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

H. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2023: None.

I. Derivative instrument transactions: None.

J. Intercompany relationships and significant intercompany transactions for the year ended December 31, 2023: None.

(2) Information on investees

A. Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 3.

B. Investees over which the Company exercises control shall be disclosed of information under Note 13(1):

(a) Financing provided to others: None.

(b) Endorsement/Guarantee provided to others: None.

(c) Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures): None.

(d) Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

(e) Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

(f) Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

(g) Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

(h) Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2023: None.

(i) Derivative instrument transactions: None.

(3) Information on investments in Mainland China: None.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Information of major shareholders:

Name \ Shares	Number of shares	Percentage of ownership
Optoway Technology Incorporation	15,620,000	11.09%
TriKnight Capital Corporation	12,930,990	9.18%

14. OPERATING SEGMENT

(1) The Group's revenues are mainly from active components for optical communication. The chief operating decision maker (CODM) of the Group used overall operating results as the basis for evaluating performance and considered the Group a single segment.

(2) Geographical information

(a) Revenues from external customers

	For the year ended December 31,	
	2023	2022
Taiwan	$139,243	$107,154
China	110,459	234,535
North America	2,681,905	948,901
Other	24,880	27,956
Total	$2,956,487	$1,318,546

Revenue is based on the geographical location of customer.

(b) Non-current assets

	As of	
	Dec. 31, 2023	Dec. 31, 2022
Taiwan	$661,359	$709,177

(3) Information about major customers: sales from individual customers represent over 10% of the Group's operating revenues is as below:

	For the year ended December 31,	
	2023	2022
Customer of LC01082	$2,665,959	$941,848
Customer of LC01055	note	162,682

Note: sales that was below 10% of the Group’s operating revenues need not be disclosed.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LUXNET CORPORATION AND SUBSIDIARIES

Loans to other parties

For the Years Ended December 31, 2023

Attachment 1

(In Thousands of New Taiwan Dollars)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Loss Allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
												Item	Value		
0	Luxnet Corporation	Toptrans (Suzhou) Corporation Limited	Other receivables	$3,003 (Note 5)	$18,156 (Note 5)	$3,003 (Note 5)	2.00%	Need for short term financing	$-	Business turnover	$3,003	-	$-	$303,599 (Note 2,4)	$1,214,394 (Note 3)

Note 1: Luxnet corporation is coded "0".

Note 2: The amount loaned to a company from the Company or from subsidiaries shall not exceed 10% of the entity's net worth.

Note 3: The total amounts loaned to all companies shall not exceed 40% of the Company's net worth.

Note 4: According to the Company's "Procedure to provide financing to others", a public offering company that meets the requirements of Article 3, paragraph 4 in the event of providing financing to each other between directly/indirectly 100%-owned foreign subsidiaries, the lending amount is not subject to the limit of 40% of the Company's net equity.

Note 5: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

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LUXNET CORPORATION AND SUBSIDIARIES

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Jointly Ventures)

As of December 31, 2023

Attachment 2

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2023				Note
				Shares (Unit)	Book Value	Percentage of ownership (%)	Fair Value	
	Stock:							
Luxnet Corporation	BANDWIDTH10, INC	-	Financial assets measured at fair value through other comprehensive income, noncurrent	220	$2,951	0.00%	$-	
Toptrans Corporation Limited	Toptrans (Suzhou) Corporation Limited	-	Financial assets measured at fair value through other comprehensive income, noncurrent	-	143,483	9.90%	131,836	
	Subtotal				$146,434		$131,836	
	Add: Unrealized gains (losses) on equity instruments investment measured at fair value through other comprenensive income				(14,598)			
	Total				$131,836			

LUXNET CORPORATION AND SUBSIDIARIES

Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2023

Attachment 3

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Ending balance			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of Dec. 31, 2023	As of Dec. 31, 2022	Shares	Percentage of ownership (%)	Book Value			
Luxnet Corporation	Toplight Corporation	Seychelles	Holding company	$122,980	$122,980	4,000	100.00%	$131,836 (Note 1)	$-	$-	Subsidary
Toplight Corporation	Toptrans Corporation Limited	Hong Kong	Holding company	$122,980	$122,980	4,000	100.00%	$131,836 (Note 1)	$-	$-	Sub-subsidary

Note 1: Transactions are eliminated when preparing the consolidated financial statements.