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

Ticker: 4979

LUXNET CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
AS OF MARCH 31, 2024 AND 2023
AND FOR THE THREE-MONTH PERIODS THEN ENDED
(REVIEWED BUT UNAUDITED)

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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.

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

Consolidated Financial Statements
Index

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

REVIEW REPORT OF INDEPENDENT AUDITORS

To The Board of Directors of
LuxNet Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of LuxNet Corporation (the “Company”) and its subsidiaries as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

(To be continued)

(Continued)

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2024 and 2023, and their consolidated financial performance and cash flows for the three-month periods ended March 31, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

*/s/*Cheng, Ching-Piao

*/s/*Chen, Kuo-Shuai

Ernst & Young
Taiwan, R.O.C.
May 3rd, 2024

Notices to Readers

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 review 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 March 31, 2024, December 31, 2023 and March 31, 2023

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of March 31, 2024		As of December 31, 2023		As of March 31, 2023	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$1,649,379	48	$1,832,266	52	$358,692	18
1170	Accounts receivables, net	6(3),6(14)	484,978	14	300,474	8	206,558	11
1200	Other receivables	6(15)	15,094	1	25,509	1	14,387	1
1220	Current tax assets	4	1,378	-	870	-	140	-
130x	Inventories	6(4)	554,079	16	559,947	16	515,174	26
1419	Other prepaid expense		2,557	-	3,552	-	2,773	-
1421	Prepayments		2,134	-	1,903	-	3,593	-
1470	Other current assets		3,355	-	2,361	-	1,110	-
11xx	Total current assets		2,712,954	79	2,726,882	77	1,102,427	56
	Non-current assets							
1517	Financial assets measured at fair value through other comprehensive income	6(2)	63,680	2	131,836	4	166,211	9
1600	Property, plant and equipment	6(5),7,8	635,343	19	654,255	19	684,255	35
1780	Intangible assets	6(6)	942	-	874	-	224	-
1900	Other non-current assets	6(7)	6,505	-	6,230	-	3,982	-
15xx	Total non-current assets		706,470	21	793,195	23	854,672	44
1xxx	Total Assets		$3,419,424	100	$3,520,077	100	$1,957,099	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 March 31, 2024, December 31, 2023 and March 31, 2023

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of March 31, 2024		As of December 31, 2023		As of March 31, 2023	
Code	Accounts	Note	Amount	%	Amount	%	Amount	%
	Current liabilities							
2130	Contract liabilities	6(13)	3,728	-	6,255	-	2,874	-
2170	Accounts payable		228,810	7	362,421	11	183,389	9
2200	Other payables	6(10)	309,574	9	111,895	3	50,269	3
2220	Other payables - related parties	7	843	-	820	-	1,470	-
2365	Refund liabilities		3,935	-	-	-	-	-
2399	Other current liabilities		2,028	-	2,700	-	2,187	-
21xx	Total current liabilities		548,918	16	484,091	14	240,189	12
	Non-current liabilities							
2540	Long-term borrowings	6(8),8	-	-	-	-	220,000	11
25xx	Total non-current liabilities		-	-	-	-	220,000	11
2xxx	Total liabilities		548,918	16	484,091	14	460,189	23
31xx	Equity attributable to shareholders of the parent	6(11)						
3100	Capital							
3110	Common stock		1,408,398	41	1,408,398	40	1,323,398	68
3200	Capital surplus		1,099,148	32	1,099,148	31	4,146	-
3300	Retained earnings							
3310	Legal reserve		10,943	-	10,943	-	-	-
3320	Special reserve		20,088	1	20,088	-	-	-
3350	Unappropriated earnings		414,683	12	512,007	15	149,589	8
3400	Other components of equity		(82,754)	(2)	(14,598)	-	19,777	1
3xxx	Total equity		2,870,506	84	3,035,986	86	1,496,910	77
3x2x	Total liabilities and equity		$3,419,424	100	$3,520,077	100	$1,957,099	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 three-month ended March 31, 2024 and 2023

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

			For the three-month period ended March 31,			
			2024		2023	
	Accounts	Notes	Amount	%	Amount	%
4000	Operating revenues	6(13)	$656,034	100	$486,920	100
5000	Operating costs	6(4)	(537,342)	(82)	(414,950)	(85)
5900	Gross profit		118,692	18	71,970	15
6000	Operating expenses	7				
6100	Sales and marketing		(1,775)	-	(2,371)	(1)
6200	General and administrative		(22,781)	(3)	(15,238)	(3)
6300	Research and development		(11,795)	(2)	(13,497)	(3)
6450	Expected credit impairment gains (losses)	6(14)	(18)	-	2	-
	Total operating expenses		(36,369)	(5)	(31,104)	(7)
6900	Operating income		82,323	13	40,866	8
7000	Non-operating incomes and expenses	6(16)				
7100	Interest income		5,399	1	721	-
7010	Other incomes		91	-	249	-
7020	Other gains and losses		16,264	2	10	-
7050	Finance costs		-	-	(1,684)	-
	Total non-operating incomes and expenses		21,754	3	(704)	-
7900	Income before income tax		104,077	16	40,162	8
7950	Income tax expense	4,6(18)	-	-	-	-
8200	Net income		104,077	16	40,162	8
8300	Other comprehensive income (loss)	6(17)				
8310	Items that not be reclassified subsequently to profit or loss					
8316	Unrealized gain (loss) on equity instruments investment measured at fair value through other comprehensive income		(68,156)	(10)	39,864	8
8300	Total other comprehensive income (loss), net of tax		(68,156)	(10)	39,864	8
8500	Total comprehensive income (loss)		$35,921	6	$80,026	16
9750	Earnings per share-basic (in NTD)	6(19)	$0.74		$0.30	
9850	Earnings per share-diluted (in NTD)	6(19)	$0.74		$0.30	

(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 three-month ended March 31, 2024 and 2023
(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	Unrealized gains (losses) on equity instruments investment measured at fair value through other	Unearned Employee Benefit	Total	Total Equity
Code	Items	3100	3200	3310	3320	3350	3420	3490	31xx	3xxx
A1	Balance as of January 1, 2023	$1,323,578	$4,146	$-	$-	$109,427	$(20,087)	$(46)	$1,417,018	$1,417,018
C3	Overdue unclaimed cash dividend listed as capital surplus		259						259	259
D1	Net loss for the three-month periods ended March 31, 2023					40,162			40,162	40,162
D3	Other comprehensive income (loss), net of tax, for the three-month periods ended March 31, 2023						39,864		39,864	39,864
D5	Total comprehensive income (loss)	-	-	-	-	40,162	39,864	-	80,026	80,026
T1	Amortization of employee restricted shares							(393)	(393)	(393)
T2	Employee restricted shares for cancellation	(180)	(259)					439	-	-
Z1	Balance as of March 31, 2023	$1,323,398	$4,146	$-	$-	$149,589	$19,777	$-	$1,496,910	$1,496,910
A1	Balance as of January 1, 2024	$1,408,398	$1,099,148	$10,943	$20,088	$512,007	$(14,598)	$-	$3,035,986	$3,035,986
	Appropriation and distribution of 2023 earnings：									
B5	Cash dividends of ordinary share					(201,401)			(201,401)	(201,401)
D1	Net income for the three-month periods ended March 31, 2024					104,077			104,077	104,077
D3	Other comprehensive income, net of tax, for the three-month periods ended March 31, 2024						(68,156)		(68,156)	(68,156)
D5	Total comprehensive income (loss)	-	-	-	-	104,077	(68,156)	-	35,921	35,921
Z1	Balance as of March 31, 2024	$1,408,398	$1,099,148	$10,943	$20,088	$414,683	$(82,754)	$-	$2,870,506	$2,870,506

(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 Cash Flows

For the three-month ended March 31, 2024 and 2023

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	For the three-month period ended March 31, 2024	2023
AAAA	Cash flows from operating activities:		
A10000	Income before income tax	$104,077	$40,162
A20000	Adjustments:		
A20010	Income and expense adjustments:		
A20100	Depreciation	19,122	23,283
A20200	Amortization	760	532
A20300	Expected credit impairment losses (gains)	18	(2)
A20900	Interest expense	-	1,684
A21200	Interest income	(5,399)	(721)
A21900	Cost of share based payment	-	(393)
A22500	Loss (gain) on disposal of property, plant and equipment	340	-
A23800	Reversal of impairment loss on non-financial assets	(836)	-
A29900	Other items- loss related to inventories	(476)	12,937
A30000	Changes in operating assets and liabilities:		
A31150	Accounts receivables	(184,522)	47,846
A31180	Other receivables	10,736	(257)
A31200	Inventories	6,344	(61,087)
A31230	Prepayments	764	3,686
A31240	Other current assets	(994)	6,389
A32125	Contract liabilities	(2,527)	-
A32150	Accounts payable	(133,611)	(118,732)
A32180	Other payables	(4,153)	(21,775)
A32190	Other payables - related parties	23	680
A32230	Other current liabilities	(672)	30
A32240	Net defined benefit liabilities	(35)	(33)
		3,935	-
A33000	Cash generated from (used in) operations	(187,106)	(65,771)
A33100	Interest received	5,078	751
A33300	Interest paid	-	(1,862)
A33500	Income tax paid (returned)	(508)	(75)
AAAA	Net cash provided by (used in) operating activities	(182,536)	(66,957)

Code	Items	For the three-month period ended March 31, 2024	2023
BBBB	Cash flows from investing activities:		
B02700	Acquisition of property, plant and equipment	(1,019)	(5,495)
B02800	Proceeds from disposal of property, plant and equipment	1,115	-
B04500	Acquisition of intangible assets	(69)	(120)
B06800	Increase (decrease) in other non-current assets	(378)	0
BBBB	Net cash provided by (used in) investing activities	(351)	(5,615)
CCCC	Cash flows from financing activities:		
C00100	Increase in (repayment of) short-term loans	-	(52,821)
C09900	Other items - overdue unclaimed cash dividend listed as capital surplus	-	259
CCCC	Net cash provided by (used in) financing activities	-	(52,562)
EEEE	Increase (decrease) in cash and cash equivalents	(182,887)	(125,134)
E00100	Cash and cash equivalents at beginning of period	1,832,266	483,826
E00200	Cash and cash equivalents at end of period	$1,649,379	$358,692

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 three-month periods ended March 31, 2024 and 2023 were authorized for issue by the board of directors on May 3, 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, 2024. The adoption of these new standards and amendments had no material impact on the Group.

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

(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 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	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2024
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025
d	IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027

(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

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

(d) IFRS 18 "Presentation and Disclosure in Financial Statements"

(1) Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities' performance and make it easier to compare entities.

(2) Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(3) Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

The abovementioned 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 remaining new or amended 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 three-month periods ended March 31, 2024 and 2023 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34, Interim Financial Reporting as endorsed and became effective by the FSC.

Except for the following 4(3)～4(5), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2023. For more details, please refer to Note 4 of the Company's consolidated financial statements for the year ended December 31, 2023.

(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

The same principles of consolidation have been applied in the Group's consolidated financial statements as those applied in the Group's consolidated financial statements for the year ended December 31, 2023. For the principles of consolidation, please refer to Note 4(3) of the Company's consolidated financial statements for the year ended December 31, 2023.

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

The consolidated entities are listed as follows:

			Percentage of ownership (%)		
			As of		
Investor	Subsidiary	Main businesses	March. 31, 2024	Dec. 31, 2023	March. 31, 2023
The Company	Toplight Corporation	Holding Company	100%	100%	100%
Toplight Corporation	Toptrans Corporation Limited	Holding Company	100%	100%	100%

(4) Post-employment benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(5) Income tax

Income tax expense (income) 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 the 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 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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

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 deferred tax 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.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. Only current income tax expense is using the estimated average annual effective income tax rate while deferred income tax is recognized and measured in consistent with annual financial reporting in accordance with IAS 12, "Income Tax." The impact of tax rate change in interim period, if any, is recognized in earnings, other comprehensive income or directly equity.

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

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.
The same significant accounting judgments, estimates and assumptions have been applied in the Group's consolidated financial statements for the three-month periods ended March 31, 2024 as those applied in the Group's consolidated financl statements for the year ended December 31, 2023. For significant accounting judgments, estimates and assumptions, please refer to Note 5 of the Group's consolidated financial statements for the year ended December 31, 2023.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of		
	March. 31, 2024	Dec. 31, 2023	March. 31, 2023
Cash on hand	$64	$75	$43
Saving	319,315	605,011	222,549
Time deposit	1,280,000	1,227,180	136,100
Cash equivalents - Repurchase Agreement	50,000	-	-
Total	$1,649,379	$1,832,266	$358,692

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

As of

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

	March. 31, 2024	Dec. 31, 2023	March. 31, 2023
Equity instruments investments measured at fair value through other comprehensive income - Non-current			
Unlisted companies stocks	$63,680	$131,836	$166,211

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

	As of		
	March. 31, 2024	Dec. 31, 2023	March. 31, 2023
Accounts receivable arising from operating activities	$532,426	$347,904	$253,981
Less: loss allowance	(47,448)	(47,430)	(47,423)
Total	$484,978	$300,474	$206,558

Accounts receivable are generally on 30～105 days terms. The total carrying amount were NT$532,426 thousand, NT$347,904 thousand and NT$ 253,981thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively. Please refer to Note 6(15) for more details on loss allowance of accounts receivable for the three-month periods ended March 31, 2024 and 2023, 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		
	March. 31, 2024	Dec. 31, 2023	March. 31, 2023
Raw material	$311,981	$311,274	$299,003
Work in process	107,674	74,570	86,731
Finished goods	134,424	174,103	129,440

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

Total	$554,079	$559,947	$515,174

B. The cost of inventories recognized in expenses amount to NT$ 537,342 thousand, NT$414,950 thousand, for the three-month periods ended March 31, 2024 and 2023, respectively.

The following loss were included in cost of sale:

Item	For the three-month period ended March 31, 2024	2023
Loss (gain from price recovery)from inventory market decline and write-off obsolescence	$(476)	$12,937
Unallocated manufacturing overhead resulting from the actual production being lower than the normal capacity	22,008	25,520
Gains on sale of scrap	(68)	(20)
Total	$21,464	$38,437

The Group recognized gains on reversal of inventory market decline recovery due to the assessment of the recovery in the net realised value of part of the inventory decline loss and sluggish loss for the March 31, 2024.

C. The inventories were not pledged.

(5) Property, plant and equipment

	As of March. 31, 2024	Dec. 31, 2023	March. 31, 2023
Owner occupied property, plant and equipment	$635,343	$654,255	$684,255

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, 2024	$247,696	$362,779	$1,389,941	$5,239	$548	$3,881	$2,010,084

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

Additions						829	829
Disposals			(11,896)			-	(11,896)
Reclassification	-	-	3,402	-	-	(3,402)-	
As of March. 31, 2024	$247,696	$362,779	$1,381,447	$5,239	$548	$1,308	$1,999,017
As of Jan. 1, 2023	$247,696	$362,779	$1,352,551	$5,239	$548	$3,378	$1,972,191
Additions	-	-	180	-	-	1,289	1,469
Reclassification	-	-	4,347	-	-	(4,347)	-
As of March. 31, 2023	$247,696	$362,779	$1,357,078	$5,239	$548	$320	$1,973,660
Depreciation and impairment							
As of Jan. 1, 2024	$-	$130,509	$1,219,862	$5,239	$219	$-	$1,355,829
Depreciation	-	1,536	17,541	-	45	-	19,122
Gain on reversal of impairment loss	-	-	(836)	-	-	-	(836)
Disposals	-	-	(10,441)	-	-	-	(10,441)
As of March. 31, 2024	$-	$132,045	$1,226,126	$5,239	$264	$-	$1,363,674
As of Jan. 1, 2023	$-	$122,313	$1,138,646	$5,127	$36	$-	$1,266,122
Depreciation	-	2,768	20,422	48	45	-	23,283
As of March. 31, 2023	$-	$125,081	$1,159,068	$5,175	$81	$-	$1,289,405
Net carrying amount:							
As of Mar. 31, 2024	$247,696	$230,734	$155,321	$-	$284	$1,308	$635,343
As of Dec. 31, 2023	$247,696	$232,270	$170,079	$-	$329	$3,881	$654,255
As of Mar. 31, 2023	$247,696	$237,698	$198,010	$64	$467	$320	$684,255

B. The Group sold part of its idle immovable property, plant and equipment between 1 January and 31 March 2024, and thus recognized a reduced rotational gain of NT$ 836 thousand, which was recognized under other benefits and losses.

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

C.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, 2024	$32,315
Additions – acquired separately	187
Deduction	-
As of March. 31, 2024	$32,502
As of Jan. 1, 2023	$31,465
Additions – acquired separately	-
Deduction	-
As of March. 31, 2023	$31,465
Amortization and Impairment:	
As of Jan. 1, 2024	$31,441
Amortization	119
Deduction	-
As of March. 31, 2024	$31,560
As of Jan. 1, 2023	$30,847
Amortization	394
Deduction	-
As of March. 31, 2023	$31,241
Carrying amount, net:	
As ofMarch. 31, 2024	$942
As of Dec. 31, 2023	$874
As of March. 31, 2023	$224

Amounts of amortization recognized for intangible assets are as follows:

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

	For the three-month period ended March. 31,	
	2024	2023
Operating costs	$38	$-
Sales and marketing expenses	7	-
General and administrative expenses	32	10
Research and development expenses	42	384
Total	$119	$394

(7) Other non-current assets

	As of		
	March. 31, 2024	Dec. 31, 2023	March. 31, 2023
Prepayment for equipment	$-	$-	$1,597
Other non-current assets-others	2,420	2,385	2,219
Net defined benefit asset	4,085	3,845	166
Total	$6,505	$6,230	$3,982

(8)Long-term borrowings

A. The Group did not have any long-term borrowings as of March 31, 2024 and December 31, 2023, and the details of long-term borrowings were as follows:

Debtor	As of March. 31, 2023	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.
Less: current portion	-		
Non-current portion	$220,000		

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

(9)Post-employment benefits

Defined contribution plan

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

Expenses under the defined contribution plan for the three-month periods ended March 31, 2024 and 2023 were NT$2,851 thousand and NT$2,872 thousand respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended March 31, 2024 and 2023 were all NT$0.

(10)Other payables

	As of		
	March. 31, 2024	Dec. 31, 2023	March. 31, 2023
Accrued expense	$107,315	$110,847	$49,537
Accrued interest	-	-	207
Payables on equipment	858	1,048	525
Dividend payable	201,401	-	-
Total	$309,574	$111,895	$50,269

(11)Equity

A. Common stock

The Company’s authorized capital were NT$2,000,000 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively. The Company’s paid-in capital were NT$1,408,398 thousand, 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, 140,840 thousand shares and 132,340 thousand shares, respectively. Each share represents a voting right and a right to receive dividends.

On March 16, 2024, the board of directors resolved to cancel restricted stocks, and the amount of the capital reduction is NT$180 thousand. The measurement date was at March 20,2024.

B.Capital surplus

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023

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

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Additional paid-in capital	$1,095,017	$1,095,017	$-
Restricted stocks for employees	3,650	3,650	3,650
Overdue unclaimed cash dividend	481	481	496
Total	$1,099,148	$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.

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.

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

(e) Based on the resolution approved in the Board of Directors' meetings on March 16 2024 and the shareholders' meetings held on June 20, 2023, the Company would distribute earnings.

Details of the earnings distribution and dividends per share are as follows:

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

	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		

The Board of Directors of the Company was authorized by the Articles of Association and passed the 2023 cash dividend of common shares by a special resolution on March 8, 2024.

Please refer to Note 6(15) for details on employees' compensation and remuneration to directors and supervisors.

(12)Share-based payment plans

Restricted stocks plan for employees

A. 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.

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

	For the three-month period ended March 31,2023
	Number of share options outstanding (in thousand shares)
Outstanding at beginning of period	21
Exercised	-
Vested	(3)
Expired	(18)

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

Outstanding at end of period	-

C. The expense recognized for employee services received during for three-month periods then ended March 31, 2024 and 2023, is shown in the following table:

	For the three-month period ended March 31,2023
Total expense arising from equity-settled share-based payment transactions	$(393)

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 for the three-month period ended March 31, 2023.

(13)Operating revenue

	For the three-month period ended March 31,	
	2024	2023
Revenue from customer contracts		
Sales of goods	$656,034	$486,920

A. Disaggregation of revenue

	Single Department	
	For the three-month period ended March 31,	
	2024	2023
a. Primary geographical markets		
Taiwan	$42,563	$21,368
China	16,457	40,235
America	593,538	414,031
Other	3,476	11,286
Total	$656,034	$486,920

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

	Single Department	
	For the three-month period ended March 31,	
	2024	2023
b. Major product		
Active components for optical communication and modules	$611,685	$445,195
Chips	42,142	20,456
Other	2,207	21,269
Total	$656,034	$486,920
The timing for revenue recognition:		
At a point in time	$656,034	$486,920

B. Contract balances

Contract liabilities – current

	As of			
	March. 31, 2024	Dec. 31, 2023	March. 31, 2023	Jan. 1, 2023
Sales of goods	$3,728	$6,255	$2,874	$2,874

For the three-month period ended March 31, 2024, contract liabilities decreased because certain performance obligations embedded in the beginning contract liabilities were fulfilled and recognized as revenues.

C. Transaction price allocated to unsatisfied performance obligations

As of March 31, 2024, December 31, 2023 and March 31, 2023, 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

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

None.

(14)Expected credit losses (gains)

	For the three-month period ended March 31,	
	2024	2023
Operating expenses – Expected credit losses (gains)		
Account receivables	$18	$(2)

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 March 31, 2024, December 31, 2023 and March 31, 2023, 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 March 31, 2024

		Overdue			
	Not yet due	1-120 days	121-365 days	More than 365 days	Total
Gross carrying amount	$323,128	$161,899	$-	$47,399	$532,426
Loss ratio	0.01～3%	0.01～3%	30%	100%	
Lifetime expected credit losses	(33)	(16)	-	(47,399)	(47,448)
Carring amount of accounts receivable	$323,095	$161,883	$-	$-	$484,978

As of December 31, 2023

		Overdue			
	Not yet due	1-120 days	121-365 days	More than 365 days	Total
Gross carrying amount	$299,650	$854	$-	$47,400	$347,904

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

Loss ratio	0.01～3%	0.01～3%	30%	100%	
Lifetime expected credit losses	(30)	-	-	(47,400)	(47,430)
Carring amount of accounts receivable	$299,620	$854	$-	$-	$300,474

As of March 31, 2023

		Overdue			
	Not yet due	1-120 days	121-365 days	More than 365 days	Total
Gross carrying amount	$181,897	$24,685	$-	$47,399	$253,981
Loss ratio	0.01～3%	0.01～3%	30%	100%	
Lifetime expected credit losses	(21)	(3)	-	(47,399)	(47,423)
Carring amount of accounts receivable	$181,876	$24,682	$-	$-	$206,558

The movement in the provision for impairment of note receivables, accounts receivables and other receivables during the three-month periods ended March 31, 2023 is as follows:

	Note receivables	Account receivables	Other receivables
As of Jan. 1, 2024	$-	$47,430	$3,003
Addition (reversal) to the current period	-	18	-
As ofMarch. 31, 2024	$-	$47,448	$3,003
As of Jan. 1, 2023	$-	$47,425	$3,003
Addition (reversal) to the current period	-	(2)	-
As ofMarch. 31, 2023	$-	$47,423	$3,003

(15)Summary statement of employee benefits, depreciation and amortization by function during the three-month and three-month periods ended March 31, 2024 and 2023, is as follows:

Function / Nature	For the three-month period ended March 31, 2024			For the three-month period ended March 31, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salaries & wages	$48,920	$21,474	$70,394	$45,040	$18,281	$63,321

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

Labor and health insurance	5,557	1,133	6,690	5,216	1,040	6,256
Pension	2,220	631	2,851	2,264	608	2,872
Other employee benefit expense	3,804	1,165	4,969	2,742	741	3,483
Depreciation	16,841	2,282	19,123	20,064	3,219	23,283
Amortization	680	80	760	124	408	532

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.

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.

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. As such, employees' compensation and remuneration to directors and supervisors for the three-month period ended March 31, 2024 amounted to NT$5,596 thousand and NT$2,238 thousand, respectively. The employees' compensation and remuneration to directors and supervisors were recognized as salaries.

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. As such, employees' compensation and remuneration to directors and supervisors for the three-month period ended March 31, 2023 amounted to NT$2,159 thousand and NT$864 thousand, respectively. The employees' compensation and remuneration to directors and supervisors were recognized as salaries.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT$23,784 thousand and NT$9,514 thousand, respectively, in a meeting held on March 16, 2024. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2023.

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

(16)Non-operating incomes and expenses

A. Interest incomes

	For the three-month period ended March 31,	
	2024	2023
Interest income		
Financial assets measured at amortized cost	$5,399	$721

B. Other incomes

	For the three-month period ended March 31,	
	2024	2023
Other income – others	$91	$249

C. Other gains and losses

	For the three-month period ended March 31,	
	2024	2023
Gain (Loss) on disposal of property, plant and equipment	$(340)	$-
Impairment loss on property, plant and equipment	836	-
Foreign exchange gain (loss), net	15,768	10
Total	$16,264	$10

D. Finance costs

	For the three-month period ended March 31,	
	2024	2023

Interest on bank loans	$-	$1,684

(17)Components of other comprehensive income

For the three-month period ended March 31, 2024

	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:					
Unrealized losses on equity instruments investments measured at fair value through other comprehensive income	$(68,156)	$-	$(68,156)	$-	$(68,156)

For the three-month period ended March 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:					
Unrealized losses on equity instruments investments measured at fair value through other comprehensive income	$39,864	$-	$39,864	$-	$39,864

(18)Income tax

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

Income tax expense (income) recognized in profit or loss

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

	For the three-month period ended March 31,	
	2024	2023
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. The assessment of income tax return

As of March 31, 2024, income tax returns of the Company was assessed and approved up to 2021.

(19)Earnings per share

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 three-month period ended March 31,	
	2024	2023
Profit (loss) attributable to ordinary equity holders of the Company (in thousand NT$)	$104,077	$40,162
Weighted average number of ordinary shares outstanding (in thousand shares)	140,840	132,146
Basic earnings (loss) per share (in NT$)	$0.74	$0.30

B. Diluted earnings per share

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

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 three-month period ended March 31,	
	2024	2023
Profitattributable to ordinary equity holders of the Company (in thousand NT$)	$104,077	$40,162
Weighted average number of ordinary shares outstanding (in thousand shares)	140,840	132,146
Effect of dilution:		
Employee bonus – stock (in thousand shares)	165	152
Weighted average number of common shares outstanding after dilution (in thousand shares)	141,005	132,298
Diluted earnings per share (in NT$)	$0.74	$0.30

C.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. For the three-month periods ended March 31, 2024, the Group sold machinery to Optoway Technology Incorporation in the amount of NT$1,115 thousand and therefore recognized loss from disposal of property, plant and equipment in the amount of NT$340 thousand and reversal of impairment losses in the amount of NT$836 thousand.

B. For the three-month period ended March 31, 2024 and 2023 the Group provide Optoway Technology Incorporation the technical services in the amount of NT$2,100 thousand and NT$2,010 thousand respectively, which was recorded under research and development expenses. As of March 31, 2024 and 2023, the amount of NT$790 thousand NT$1,470 thousand and has not been paid which were recorded under other payables - related parties.

C. For the nine-month periods ended September 30, 2023 , the Group provide CHIEN,HUI-PIN the consult services in the amount of NT$75 thousand which was recorded under research and development expenses. As of September 30, 2023, the amount of NT$38 thousand has not been paid, which were recorded under other payables - related parties.

D. Salaries and rewards to key management of the Group

	For the three-month period ended March 31,	
	2024	2023
Short-term employee benefits	$7,366	$7,638
Post-employee benefits	54	80
Total	$7,420	$7,718

8. PLEDGED ASSETS

The following assets of the Group are pledged as collaterals:

	Carrying Amount As of			
Item	March. 31, 2024	Dec. 31, 2023	March. 31, 2023	Secured liabilities

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

Property, plant and equipment – land	$247,696	$247,696	$247,696	Long-term secured loans
Property, plant and equipment – buildings	230,734	232,270	237,698	Long-term secured loans
Total	$478,430	$479,966	$485,394	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of March 31, 2024, December 31, 2023, and March 31, 2023, the details of significant contingencies and unrecognized contract commitments were as follows (in thousand dollars):

Nature of Contract	March. 31, 2024	Dec. 31, 2023	March. 31, 2023
Guarantee notes issued as collateral for bank loans	USD 17,500	USD 17,500	USD 17,500
	NTD 1,125,000	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

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

	March. 31, 2024	Dec. 31, 2023	March. 31, 2023
Financial assets measured at fair value through other comprehensive income	$63,680	$131,836	$166,211
Financial assets measured at amortized cost:			
Cash and cash equivalents (exclude cash on hand)	1,649,315	1,832,191	358,649
Accounts receivables	484,978	300,474	206,558
Other receivables	15,094	25,509	14,387
Subtotal	2,149,387	2,158,174	579,594
Total	$2,213,067	$2,290,010	$745,805

Financial liabilities

	As of		
	March. 31, 2024	Dec. 31, 2023	March. 31, 2023
Financial liabilities at amortized cost:			
Accounts payables(included related parties)	$228,810	$362,421	$183,389
Other payables	310,417	112,715	51,739
Long-term borrowings	-	-	220,000
Total	$539,227	$475,136	$455,128

(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 strengthened / weakened against foreign currency USD by 5%, the profit for the three-month periods ended March 31, 2024 and 2023 would increase/decrease by NT$ 24,515 thousand and decreases /increases by NT$9,245 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 three-month periods ended March 31, 2024 and 2023 would increase/decrease by NT$319 thousand and by NT$3 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 March 31, 2024, December 31, 2023 and March 31, 2023, accounts receivables from top ten customers represented 91%, 85% and 80% 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 accounts receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss are purchased based on low credit risk, and the Group makes an assessment on each balance sheet date as to whether the credit risk rises significantly since original recognition and then further determines the method of measuring the loss allowance and the loss rate.

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 March 31, 2024			
Accounts payables	$228,810	$-	$228,810
Other payables	310,417	-	310,417

	Less than 1 year	1 to 5 years	Total

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

As of Dec. 31, 2023			
Accounts payables	$362,421	$-	$362,421
Other payables	112,715	-	112,715

	Less than 1 year	1 to 5 years	Total
As of March 31, 2023			
Accounts payables	183,389	-	183,389
Other payables	51,739	-	51,739
Long-term borrowings	4,002	221,379	225,381

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three-month period ended March 31, 2024:

	Short-term borrowings	Long-term borrowings	Total liabilities from financing activities
As of Jan. 1, 2024	-	-	-
Cash flows	-	-	-
Non-cash flows	-	-	-
As of March. 31, 2024	$-	$-	$-

Reconciliation of liabilities for the three-month period ended March 31, 2023:

	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)	-	(52,821)
Non-cash flows	-	-	-
As of March. 31, 2023	$-	$220,000	$220,000

(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

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.

As of March 31, 2024, December 31, 2023 and March 31, 2023, fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of March 31, 2024

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

Financial assets:	Level 1	Level 2	Level 3	Total
Equity instrument measured at fair value through other comprehensive income	$-	$-	$63,680	$63,680

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 March 31, 2023

Financial assets:	Level 1	Level 2	Level 3	Total
Equity instrument measured at fair value through other comprehensive income	$-	$-	$166,211	$166,211

Transfers between Level 1 and Level 2 during the period

For the three-month periods ended March 31, 2024 and 2023, 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 three-month periods ended March 31, 2024 and 2023, the fair value hierarchy for movements during the period is as follows:

	Financial assets measured at fair value through other comprehensive income
As of Jan. 1, 2024	$131,836
Amount recognized in other comprehensive income (presented in "Unrealized gains (losses) on equity instruments investments measured at fair value through other comprehensive income)	(68,156)
As of March. 31, 2024	$63,680

	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 gains (losses) on equity instruments investments measured at fair value through other comprehensive income)	39,864
As of March. 31, 2023	$166,211

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 March 31, 2024

	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	4.59	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$6,368 thousand.
		Discount for lack of marketability	33.00%	The higher the discount for lack of marketability, the lower the fair value	Increase (decrease) in the book to market ratio multiples by 10% would result in decrease (increase)

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

				of the stocks	in the Group's profit or loss by NT$2,729 thousand.

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 listed company approach	Multiplier of price-to book ratio	2.90	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$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 March 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 listed company approach	Multiplier of price-to book ratio	2.74	The higher the multiplier of price-to book ratio, the higher the fair	Increase (decrease) in the book to market ratio multiples by 10% would result in decrease (increase)

		value of the stocks	in the Group's profit or loss by NT$16,621 thousand.
Discount for lack of marketability	29.08%	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$6,815 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					
	March 31, 2024			December 31, 2023		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	$21,448	32.00	$686,325	$18,332	30.70	$562,779
Financial liabilities						
Monetary items:						
USD	$6,126	32.00	$196,033	$9,475	30.70	$290,887

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

	As of March 31, 2023		
	Foreign currencies	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$10,811	30.44	$329,092
Financial liabilities			
Monetary items:			
USD	$4,737	30.44	$144,184

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 gains(loss) were NT$15,768 thousand and NT$10 thousand for the three-month periods ended March 31, 2024 and 2023, 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 March 31, 2024 (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 three-month period ended March 31, 2024: 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 three-month period ended March 31, 2024: 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 three-month period ended March 31, 2024: 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 three-month period ended March 31, 2024: None.

H. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of March 31, 2024: None.

I. Derivative instrument transactions: None.

J. Intercompany relationships and significant intercompany transactions for the three-month period ended March 31, 2024: 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.

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

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

(c) Marketable securities held as of March 31, 2024 (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 three-month period ended March 31, 2024: 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 three-month period ended March 31, 2024: 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 three-month period ended March 31, 2024: 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 three-month period ended March 31, 2024: None.

(h) Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of March 31, 2024: None.

(i) Derivative instrument transactions: None.

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

(4) Information of major shareholders:

Shares / Name	Number of shares	Percentage of ownership
Optoway Technology Incorporation	15,480,000	10.99%
TriKnight Capital Corporation	9,730,990	6.90%

14. OPERATING SEGMENT

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, and is prepared on the same basis as the summary of significant accounting policies described in Note 4.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LUXNET CORPORATION AND SUBSIDIARIES

Loans to other parties

For the three-month ended March 31, 2024

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	(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	-	$-	$287,051 (Note 2,4)	$1,148,202 (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.

LUXNET CORPORATION AND SUBSIDIARIES

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

As of March 31, 2024

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 March 31, 2024				Note
				Shares (Unit)	Book Value	of ownership (%)	Fair Value	
	Stock:							
Luxnet Corporation	BANDWIDTH10, INC	-	Financial assets measured at fair val through other comprehensive income, noncurrent	220	$2,951	-%	$-	
Toptrans Corporation Limite	Toptrans (Suzhou) Corporation Limited	-	Financial assets measured at fair val through other comprehensive income, noncurrent	-	143,483	9.90%	63,680	
	Subtotal				146,434		$63,680	
	Add: Unrealized gains (losses) on equity instruments investment measured at fair value through other comprenensive income				(82,754)			
	Total				$63,680			

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LUXNET CORPORATION AND SUBSIDIARIES

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

As of March 31, 2024

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 March 31, 2024	As of Dec. 31, 2023	Shares	Percentage of ownership (%)	Book Value			
Luxnet Corporation	Toplight Corporation	Seychelles	Holding company	$122,980	$122,980	4,000	100.00%	$63,680 (Note 1)	$-	$-	Subsidary
Toplight Corporatio	Toptrans Corporation Limited	Hong Kong	Holding company	$122,980	$122,980	4,000	100.00%	$63,680 (Note 1)	$-	$-	Sub-subsidary

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