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 June 30, 2024 and 2023
And For The Six-month Periods 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.

Consolidated Financial Statements
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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 June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and cash flows for the six-month periods then ended, 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 the Standards on Auditing of 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 June 30, 2024 and 2023, and their consolidated financial performance for the three-month and six-month periods then ended and cash flows for the six-month periods then ended, 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.

Cheng, Ching-Piao

Chen, Kuo-Shuai

Ernst & Young
Taiwan, R.O.C.
August 8th, 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 June 30, 2024, December 31, 2023 and June 30, 2023

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of June 30, 2024		As of December 31, 2023		As of June 30, 2023	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$2,118,302	58	$1,832,266	52	$507,842	24
1150	Notes receivable , net	6(3)	4	-	-	-	-	-
1170	Accounts receivable, net	6(4),6(15)	312,730	9	300,474	8	306,211	15
1180	Accounts receivable -related parties	6(4),7	53	-	-	-	-	-
1200	Other receivables	6(15)	16,247	-	25,509	1	8,161	-
1220	Current tax assets	4	1,196	-	870	-	289	-
130x	Inventories	6(5)	457,962	13	559,947	16	406,458	19
1419	Other prepaid expenses		2,258	-	3,552	-	2,419	-
1421	Prepayments to suppliers		2,492	-	1,903	-	1,767	-
1470	Other current assets		3,789	-	2,361	-	2,760	1
11xx	Total current assets		2,915,033	80	2,726,882	77	1,235,907	59
	Non-current assets							
1517	Financial assets measured at fair value through other comprehensive income	6(2)	100,899	3	131,836	4	175,408	8
1600	Property, plant and equipment	6(6), 7, 8	619,026	17	654,255	19	658,648	32
1780	Intangible assets	6(7)	1,563	-	874	-	180	-
1900	Other non-current assets	6(8)	6,434	-	6,230	-	17,625	1
15xx	Total non-current assets		727,922	20	793,195	23	851,861	41
1xxx	Total Assets		$3,642,955	100	$3,520,077	100	$2,087,768	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 June 30, 2024, December 31, 2023 and June 30, 2023

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of June 30, 2024		As of December 31, 2023		As of June 30, 2023	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current liabilities							
2130	Contract liabilities	6(14)	$5,676	-	$6,255	-	$2,874	-
2170	Accounts payable		280,332	8	362,421	11	176,556	9
2200	Other payables	6(11)	307,069	8	111,895	3	88,796	4
2220	Other payables - related parties	7	8	-	820	-	790	-
2365	Current refund liabilities		-	-	-	-	16,047	1
2399	Other current liabilities		2,727	-	2,700	-	1,892	-
21xx	Total current liabilities		595,812	16	484,091	14	286,955	14
	Non-current liabilities							
2540	Long-term borrowings	6(9), 8	-	-	-	-	220,000	10
2600	Other non-current liabilities		-	-	-	-	471	-
25xx	Total non-current liabilities		-	-	-	-	220,471	10
2xxx	Total liabilities		595,812	16	484,091	14	507,426	24
31xx	Equity attributable to shareholders of the parent	6(12)						
3100	Capital							
3110	Common stock		1,408,398	39	1,408,398	40	1,323,398	63
3200	Capital surplus		1,099,148	30	1,099,148	31	4,146	-
3300	Retained earnings							
3310	Legal reserve		55,089	2	10,943	-	10,943	1
3320	Special reserve		14,599	-	20,088	-	20,088	1
3350	Unappropriated earnings		515,444	14	512,007	15	192,793	9
3400	Other components of equity		(45,535)	(1)	(14,598)	-	28,974	2
3xxx	Total equity		3,047,143	84	3,035,986	86	1,580,342	76
3x2x	Total liabilities and equity		$3,642,955	100	$3,520,077	100	$2,087,768	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 and six-month periods ended June 30, 2024 and 2023

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

			For the three-month periods ended June 30, 2024		For the three-month periods ended June 30, 2023		For the six-month periods ended June 30, 2024		For the six-month periods ended June 30, 2023	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues	6(14), 7	$801,268	100	$577,923	100	$1,457,302	100	$1,064,843	100
5000	Operating costs	6(5)	(642,496)	(80)	(467,516)	(81)	(1,179,838)	(81)	(882,466)	(83)
5900	Gross profit		158,772	20	110,407	19	277,464	19	182,377	17
6000	Operating expenses									
6100	Sales and marketing	7	(1,911)	-	(2,285)	-	(3,686)	-	(4,656)	-
6200	General and administrative		(21,447)	(3)	(14,648)	(3)	(44,228)	(3)	(29,886)	(3)
6300	Research and development		(11,584)	(2)	(13,045)	(2)	(23,379)	(2)	(26,542)	(3)
6450	Expected credit gains (losses)	6(15)	17	-	(97)	-	(1)	-	(95)	-
	Total operating expenses		(34,925)	(5)	(30,075)	(5)	(71,294)	(5)	(61,179)	(6)
6900	Operating income		123,847	15	80,332	14	206,170	14	121,198	11
7000	Non-operating incomes and expenses	6(17),7								
7100	Interest income		6,832	1	1,576	-	12,231	1	2,297	-
7010	Other incomes		107	-	79	-	198	-	328	-
7020	Other gains and losses		9,947	1	1,040	-	26,211	2	1,050	-
7050	Finance costs		0	-	(943)	-	0	-	(2,627)	-
	Total non-operating incomes and expenses		16,886	2	1,752	-	38,640	3	1,048	-
7900	Income before income tax		140,733	17	82,084	14	244,810	17	122,246	11
7950	Income tax expense	4, 6(19)	(1,315)	-	-	-	(1,315)	-	-	-
8200	Net income (loss)		139,418	17	82,084	14	243,495	17	122,246	11
8300	Other comprehensive income (loss)	6(18)								
8310	Items that not be reclassified subsequently to profit or loss									
8316	Unrealized gains (losses) on equity instruments investment measured at fair value through other comprehensive income		37,219	5	9,197	2	(30,937)	(2)	49,061	5
8300	Total other comprehensive income (loss), net of tax		37,219	5	9,197	2	(30,937)	(2)	49,061	5
8500	Total comprehensive income		$176,637	22	$91,281	16	$212,558	15	$171,307	16
9750	Earnings per share-basic (in NTD)	6(20)	$0.99		$0.62		$1.73		$0.93	
9850	Earnings per share-diluted (in NTD)	6(20)	$0.99		$0.62		$1.73		$0.92	

(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 six-month periods ended June 30, 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	gains (losses) on equity instruments	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
	Appropriation and distribution of 2022 retained 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		259						259	259
D1	Net income for the six-month periods ended June 30, 2023					122,246			122,246	122,246
D3	Other comprehensive income (loss), net of tax, for the six-month periods ended June 30, 2023						49,061		49,061	49,061
D5	Total comprehensive income (loss)	-	-	-	-	122,246	49,061	-	171,307	171,307
T1	Amortization of employee restricted shares							(393)	(393)	(393)
T2	Employee restricted shares for cancellation	(180)	(259)					439	-	-
Z1	Balance as of June 30, 2023	$1,323,398	$4,146	$10,943	$20,088	$192,793	$28,974	$-	$1,580,342	$1,580,342
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 retained earnings									
B1	Legal reserve appropriated			44,146		(44,146)			-	
B17	Reversal Special reserve				(5,489)	5,489			-	
B5	Cash dividends of ordinary share					(201,401)			(201,401)	(201,401)
D1	Net income for the six-month periods ended June 30, 2024					243,495			243,495	243,495
D3	Other comprehensive income (loss), net of tax, for the six-month periods ended June 30, 2024						(30,937)		(30,937)	(30,937)
D5	Total comprehensive income (loss)	-	-	-	-	243,495	(30,937)	-	212,558	212,558
Z1	Balance as of June 30, 2024	$1,408,398	$1,099,148	$55,089	$14,599	$515,444	$(45,535)	$-	$3,047,143	$3,047,143

(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 six-month periods ended June 30, 2024 and 2023

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	For the six-month periods ended June 30, 2024	2023
AAAA	Cash flows from operating activities:		
A10000	Income before income tax	$244,810	$122,246
A20000	Adjustments:		
A20010	Income and expense adjustments:		
A20100	Depreciation	36,923	44,781
A20200	Amortization	1,681	833
A20300	Expected credit losses (gain on recovery)	1	95
A20900	Interest expense	-	2,627
A21200	Interest income	(12,231)	(2,297)
A21900	Cost of share based payment	-	(393)
A22500	Loss (gain) on disposal of property, plant and equipment	340	-
A23700	Impairment gain on non-financial assets	(836)	-
A23800	Reversal of impairment loss on non-financial assets	-	7,034
A29900	Losses related to inventories	(20,942)	38,879
A30000	Changes in operating assets and liabilities:		
A31130	Notes receivable	(4)	-
A31150	Accounts receivable	(12,257)	(51,904)
A31160	Accounts receivable - related parties	(53)	-
A31180	Other receivables	10,083	5,967
A31200	Inventories	122,927	21,687
A31230	Prepayments	705	5,866
A31240	Other current assets	(1,428)	4,739
A32125	Contract liabilities	(579)	-
A32150	Accounts payable	(82,089)	(125,565)
A32180	Other payables	(6,238)	5,533
A32190	Other payables - related parties	(812)	-
A32230	Other current liabilities	27	(265)
A32240	Net defined benefit liabilities	(77)	427
A32990	Current refund liabilities	-	16,047
A33000	Cash generated from (used in) operations	279,951	96,337
A33100	Interest received	11,410	2,329
A33300	Interest paid	-	(2,815)
A33500	Income taxes refund (paid)	(1,641)	(224)
AAAA	Net cash provided by (used in) operating activities	289,720	95,627

Code	Items	For the six-month periods ended June 30, 2024	2023
BBBB	Cash flows from investing activities:		
B02700	Acquisition of property, plant and equipment	(2,607)	(18,929)
B02800	Proceeds from disposal of property, plant and equipment	1,115	0
B04500	Acquisition of intangible assets	(69)	(120)
B06800	Increase (decrease) in other non-current assets	(2,123)	-
BBBB	Net cash provided by (used in) investing activities	(3,684)	(19,049)
CCCC	Cash flows from financing activities:		
C00100	Increase in (repayment of) short-term loans	-	(52,821)
C09900	Other items- overdue unclaimed cash dividend	-	259
CCCC	Net cash provided by (used in) financing activities	-	(52,562)
EEEE	Increase (decrease) in cash and cash equivalents	286,036	24,016
E00100	Cash and cash equivalents at beginning of period	1,832,266	483,826
E00200	Cash and cash equivalents at end of period	$2,118,302	$507,842

al 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 six month periods ended June 30, 2024 and 2023 were authorized to be issued in accordance with a resolution of the Board of Directors' meeting held on August 8, 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.

(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.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

A. 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 above amendments are applicable for accounting years after January 1, 114, and the Group's assessment has no material impact..

(3) Standards or interpretations issued, revised or amended, by IASB which are 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 byIASB
B	IFRS 17 "Insurance Contracts"	January 1, 2023
C	IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
D	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
E	Amendments to the Classification and Measurement of FinancialInstruments – Amendments to IFRS 9 and IFRS 7	January 1, 2026
F	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026

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. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.
IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

(a) 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.

(b) 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.

(c) 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.

D. Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This standard permits subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

(a)Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.

(b)Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.

(c)Clarify the treatment of non-recourse assets and contractually linked instruments.

(d)Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

E. Annual Improvements to IFRS Accounting Standards – Volume 11

(a)Amendments to IFRS 1

The amendments mainly improve the consistency in wording between first-time adoption of IFRS and requirements for hedge accounting in IFRS 9

(b)Amendments to IFRS 7

The amendments update an obsolete cross-reference relating to gain or loss on derecognition.

(c) Amendments to Guidance on implementing IFRS 7

The amendments improve some of the wordings in the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price and credit risk disclosures.

(d)Amendments to IFRS 9

The amendments add a cross-reference to resolve potential confusion for a lessee applying the derecognition requirements and clarify the term “transaction price”.

(e)Amendments to IFRS 10

The amendments remove the inconsistency between paragraphs B73 and B74 of IFRS 10.

(f)Amendments to IAS 7

The amendments remove a reference to “cost method” in paragraph 37 of IAS 7.

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. As the Group is still currently determining the potential impact of the new or amended standards and interpretations listed under and (c), it is not practicable to estimate their impact on the Group at this point in time. 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 six-month periods then ended June 30, 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.

The consolidated entities are listed as follows:

			Percentage of Ownership (%), as of		
Investor	Subsidiary	Main business	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 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:

A. 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.
B. 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:

A. 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.

B. 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.

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

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.

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 six-month period ended June 30, 2024 as those applied in the Group’s consolidated financial 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		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Cash on hand	$64	$75	$76

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

Saving	550,028	605,011	202,166
Time Deposit	1,492,250	1,227,180	305,600
cash equivalents -Reverse Repurchase Agreement	75,960	-	-
Total	$2,118,302	$1,832,266	$507,842

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

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Equity instruments investments measured at fair value through other comprehensive income – Non-current:			
Unlisted companies stocks	$100,899	$131,836	$175,408

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

(3)Note receivable

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Note receivable arising from operating activities	$4	$-	$-
Less: loss allowance	-	-	-
Total	$4	$-	$-

Account receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note6(22) for more details on loss allowance and Note 12 for details on credit risk.

(4)Accounts receivable and accounts receivable - related parties, net

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

A. Accounts receivable and accounts receivable - related parties, net

	As of		
	June 30, 2024	Dec. 31, 2023	June 30, 2023
Accounts receivable arising from operating activities	$360,161	$347,904	$353,731
Less: loss allowance	(47,431)	(47,430)	(47,520)
Subtotal	312,730	300,474	306,211
accounts receivable - related parties activities	53	-	-
Less: loss allowance	-	-	-
Subtotal	53	-	-
Total	$312,783	$300,474	$306,211

Accounts receivable are generally on 30～105 days terms. The total carrying amount were NT$360,214 thousand, NT$347,904 thousand and NT$353,731 thousand as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively. Please refer to Note 6(15) for more details on loss allowance of accounts receivable for the six-month periods then ended June 30, 2024 and 2023, respectively. Please refer to Note 12 for more details on credit risk.

B. Account receivables were not pledged.

(5) Inventories

A. Details of inventories:

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Raw material	$172,597	$311,274	$139,429
Work in process	87,688	74,570	116,396
Finished goods	197,677	174,103	150,633
Total	$457,962	$559,947	$406,458

B. The cost of inventories recognized in expenses amount to NT$642,496 thousand, NT$467,516 thousand, NT$1,179,838 thousand and NT$882,466 thousand for the three-month and six-month periods ended June 30, 2024 and 2023, respectively.

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

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

The Group

Item	For the three-month periods ended June 30, 2024	2023	For the six-month periods ended June 30, 2024	2023
Loss (Gain) from inventory market decline and write-off obsolescence	$(20,466)	$25,942	$(20,942)	$38,879
Unallocated manufacturing overhead resulting from the actual production being lower than the normal capacity	23,142	25,254	45,150	50,774
Gains on sale of scrap	(107)	(155)	(175)	(175)
Total	$2,569	$51,041	$24,033	$89,478

C. The inventories were not pledged.

(6)Property, plant and equipment

	As of Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Owner occupied property, plant and equipment	$619,026	$654,255	$658,648

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
Additions	-	-	-	-	-	2,313	2,313
Disposals	-	-	(12,016)	-	-	-	(12,016)
Reclassification	-	680	5,106	-	-	(5,786)	-
As of Jun. 30, 2024	$247,696	$363,459	$1,383,031	$5,239	$548	$408	$2,000,381

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

Cost:							
As of Jan. 1, 2023	$247,696	$362,779	$1,352,551	$5,239	$548	$3,378	$1,972,191
Additions	-	-	180	-	-	4,214	4,394
Reclassification	-	-	6,461	-	-	(6,461)	-
As of Jun. 30, 2023	$247,696	$362,779	$1,359,192	$5,239	$548	$1,131	$1,976,585
Depreciation and impairment:							
As of Jan. 1, 2024	$-	$130,509	$1,219,862	$5,239	$219	$-	$1,355,829
Depreciation	-	3,128	33,704	-	91	-	36,923
Reversal of impairment losses	-	-	(836)	-	-	-	(836)
Disposal	-	-	(10,561)	-	-	-	(10,561)
As of Jun. 30, 2024	$-	$133,637	$1,242,169	$5,239	$310	$-	$1,381,355
Depreciation and impairment:							
As of Jan. 1, 2023	$-	$122,313	$1,138,646	$5,127	$36	$-	$1,266,122
Depreciation	-	5,125	39,469	96	91	-	44,781
Disposal	-	-	7,034	-	-	-	7,034
As of Jun. 30, 2023	$-	$127,438	$1,185,149	$5,223	$127	$-	$1,317,937
Net carrying amount:							
As of Jun. 30, 2024	$247,696	$229,822	$140,862	$-	$238	$408	$619,026
As of Dec. 31, 2023	$247,696	$232,270	$170,079	$-	$329	$3,881	$654,255
As of Jun. 30, 2023	$247,696	$235,341	$174,043	$16	$421	$1,131	$658,648

B. For the six-month periods then ended June 30, 2024, the NT$836 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 statement of comprehensive income.

C. For the six-month periods then ended June 30, 2023, NT$7,034 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. This has been recognized in the statement of comprehensive income. The recoverable value is measured at usage values by the individual units.

(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.

(7)Intangible assets

	Computer software
Cost:	
As of Jan. 1, 2024	$31,465
Additions – acquired separately	1,007
Deduction	-
As of Jun. 30, 2024	$33,322
As of Jan. 1, 2023	$31,465
Additions – acquired separately	-
Deduction	-
As of Jun. 30, 2023	$31,465
Amortization and Impairment:	
As of Jan. 1, 2024	$31,441
Amortization	318
Deduction	-
As of Jun. 30, 2024	$31,759
As of Jan. 1, 2023	$30,847
Amortization	438
Deduction	-
As of Jun. 30, 2023	$31,285
Carrying amount, net:	
As of Jun. 30, 2024	$1,563
As of Dec. 31, 2023	$874

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

	Computer software
As of Jun. 30, 2023	$180

Amounts of amortization recognized for intangible assets are as follows:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Operating costs	$141	$-	$179	$-
Sales and marketing expenses	7	-	14	-
General and administrative expenses	32	10	64	20
Research and development expenses	19	34	61	418
Total	$199	$44	$318	$438

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Prepayment for equipment	$609	$-	$13,305
Other non-current assets-others	3,363	3,845	2,090
Net defined benefit asset	2,462	2,385	2,230
Total	$6,434	$6,230	$17,625

(8)Other non-current assets

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Prepayment for equipment	$609	$-	$13,305
Other non-current assets-others	3,363	3,845	2,090
Net defined benefit asset	2,462	2,385	2,230
Total	$6,434	$6,230	$17,625

(9)Long-term borrowings

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

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

Debtor	As of Jun. 30, 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.

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

(10) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended June 30, 2024 and 2023 were NT$2,828 thousand and NT$2,928 thousand, respectively, while for the six-month periods then ended June 30, 2024 and 2023 were NT$5,679 thousand and NT$5,800 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended June 30, 2024 and 2023 were NT$0 thousand and NT$494, respectively, while for the six-month periods then ended June 30, 2024 and 2023 were NT$0 thousand and NT$494, respectively.

(11) Other payables

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Accrued expense	$104,305	$110,847	$79,026
Accrued interest	-	-	197
Payables on equipment	1,363	1,048	1,724
Accrued dividends	201,401	-	7,849

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

Total	$307,069	$111,895	$88,796

(12) Equity

A. Common stock

The Company's authorized capital were NT$2,000,000 thousand , as of June 30, 2024, December 31, 2023 and June 30, 2023 . The Company's paid-in capital were NT$1,408,398 thousand, NT$1,408,398 thousand and NT$1,323,398 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, 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 at March 20, 2023.

B. Capital surplus

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 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

According to the resolution approved in the shareholders' meetings held on June 20, 2023 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, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

(b) Dividend policies

The Company is at its growth stage and it considers its future cash demand and long-term financial plans. Earnings may be distributed by way of stock dividend or /and cash dividend appropriatedly. The cash dividend shall not be less than 10 percent of the total dividends.

(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)

The appropriations of earnings and earning per shares for the Year 2023 and 2022 were approved through the shareholders' meetings held on June 14, 2024 and June 20, 2023 respectively. The details of the distributions are as follows:

	Appropriation of earnings		Earning per shares	
	2023	2022	2023	2022
Legal reserve	$44,146	$10,943		
Special reserve	(5,489)	20,088		
Cash dividend (Note)	201,401	7,849	1.4300	0.0593
Total	$240,058	$38,880		

Information regarding the appropriation of 2023 and 2022 earnings approved by annual shareholders meeting can be obtained from the "Market Observation Post System" on the website of the TWSE.

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

(13) 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

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

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.

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

(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 six-month periods ended June 30, 2023
	Number of share options outstanding (in thousand shares)
Outstanding at beginning of period	21
Exercised	(3)
Expired	(18)
Outstanding at end of period	-

C. The expense recognized for employee services received during for the three-month periods ended and for six-month periods then ended June 30, 2024 and 2023, is shown in the following table:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2023	2022	2023	2022
Total expense arising from equity-settled share-based payment transactions	$-	$(946)	$(393)	$(953)

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

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

No modification or cancellation of the share-base payment plan has occurred during for the six-month periods ended June 30, 2024 .

(14) Operating revenue

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Revenue from customer contracts				
Sales of goods	$801,268	$577,923	$1,457,302	$1,064,843

A. Disaggregation of revenue

	Single Department			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
a. Primary geographical markets				
Taiwan	$29,900	$32,266	$72,463	$53,634
China	24,910	32,460	41,367	72,695
North America	741,653	510,353	1,335,191	924,384
Other	4,805	2,844	8,281	14,130
Total	$801,268	$577,923	$1,457,302	$1,064,843
b. Major product				
Active components for optical communication and modules	$771,159	$528,856	$1,382,844	$974,051
Chips	29,730	29,504	71,872	49,960
Other	379	19,563	2,586	40,832
Total	$801,268	$577,923	$1,457,302	$1,064,843

The timing for revenue recognition:				
At a point in time	$801,268	$577,923	$1,457,302	$1,064,843

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

B. Contract balances

Contract liabilities – current

	As of			
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2024	Jan. 1, 2023
Sales of goods	$5,676	$6,255	$2,874	$2,874

For the six-month period ended June 30, 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 June 30, 2024, December 31, 2023 and June 30, 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

None.

(15) Expected credit losses (gains)

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Operating expenses – Expected credit losses (gains)				
Account receivables	$(17)	$97	$1	$95

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 June 30, 2024, December 31, 2023 and June 30, 2023, respectively, are as follow:

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

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 June 30, 2024

		Overdue			
	Not yet due	1-120 days	121-365 days	More than 365 days	Total
Gross carrying amount	$312,554	$265	$-	$47,399	$360,218
Loss ratio	0.01～3%	0.01～3%	30%	100%	
Lifetime expected credit losses	(32)	-	-	(47,399)	(47,431)
Caring amount of accounts receivable	$312,522	$265	$-	$-	$312,787

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

As of June 30, 2023

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

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

	(Note)			365 days	
Gross carrying amount	$304,757	$1,285	$290	$47,399	$353,731
Loss ratio	0.01～3%	0.01～3%	30%	100%	
Lifetime expected credit losses	(34)	-	(87)	(47,399)	(47,520)
Caring amount of accounts receivable	$304,723	$1,285	$203	$-	$306,211

Note: The Group's note receivables were not overdue.

B. The movement in the provision for impairment of note receivables, accounts receivables and other receivables during the six-month periods ended June 30, 2024 and 2023, respectively, is as follows:

	Note receivables	Account receivables	Other receivables
As of Jan. 1, 2024	$-	$47,430	$3,003
Addition (reversal) to the current period	-	1	-
As of Jun. 30, 20234	$-	$47,431	$3,003
As of Jan. 1, 2023	$-	$47,425	$3,003
Addition (reversal) to the current period	-	95	-
As of Jun. 30, 2023	$-	$47,520	$3,003

(16) Summary statement of employee benefits, depreciation and amortization by function during the three-month and six-month periods ended June 30, 2024 and 2023, is as follows:

Function / Nature	For the three-month periods ended June 30, 2024			For the three-month periods ended June 30, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salaries & wages	$50,325	$18,419	$68,744	$47,759	$16,593	$64,352
Labor and health insurance	5,484	1,171	6,655	5,330	1,235	6,565

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

Pension	2,207	621	2,828	2,301	1,121	3,422
Other employee benefit expense	3,545	1,296	4,841	2,750	833	3,583
Depreciation	15,532	2,268	17,800	18,527	2,971	21,498
Amortization	862	59	921	243	58	301

Function / Nature	For the six-month periods ended June 30, 2024			For the six-month periods ended June 30, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salaries & wages	$99,245	$39,893	$139,138	$92,799	$34,874	$127,673
Labor and health insurance	11,041	2,304	13,345	10,546	2,275	12,821
Pension	4,427	1,252	5,679	4,565	1,729	6,294
Other employee benefit expense	7,349	2,461	9,810	5,492	1,574	7,066
Depreciation	32,373	4,550	36,923	38,591	6,190	44,781
Amortization	1,542	139	1,681	367	466	833

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 and supervisors. 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 and supervisors can be obtained from the “Market Observation Post System” on the website of the TWSE.

Based on profit of the six-month periods ended June 30, 2024, the Company estimated the amounts of the employees' compensation and remuneration to directors for the six-month periods ended June 30, 2024 to be between 5% to 15% and not lower than 5% of profit of the current six-month period, respectively. As such, employees' compensation and remuneration to directors for the three-month periods ended June 30, 2024 amounted to NT$7,566 thousand and NT$3,027 thousand, respectively, and, for the six-month periods ended June 30, 2024, NT$13,162 thousand and NT$5,265 thousand, respectively. The employees' compensation and remuneration to directors were recognized as salaries.

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

Based on profit of the six-month periods ended June 30, 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors for the six-month periods ended June 30, 2023 to be between 5% to 15% and not lower than 5% of profit of the current six-month periods, respectively. As such, employees' compensation and remuneration to directors for the three-month periods ended June 30, 2023 amounted to NT$4,413 thousand and NT$1,765 thousand, respectively, and, for the six-month periods ended June 30, 2023, NT$6,572 thousand and NT$2,629 thousand, respectively. The employees' compensation and remuneration to directors 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 8, 2024. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2023

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT$5,832 thousand and NT$2,333 thousand, respectively, in a meeting held on March 16, 2023. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2022.

(17) Non-operating incomes and expenses

A. Interest incomes

	For the three-month	For the six-month

	periods ended June 30,		periods ended June 30,	
	2024	2023	2024	2023
Interest income				
Financial assets measured at amortized cost	$6,832	$1,576	$12,231	$2,297

B. Other incomes

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Other income – others	$107	$79	$198	$328

C. Other gains and losses

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Gains (losses) on disposal of property, plant and equipment	$-	$-	$(340)	$-
Impairment losses on property, plant and equipment	-	(7,034)	-	(7,034)
Reversal of impairment losses on property, plant and equipment	-	-	836	-
Foreign exchange gain (loss), net	9,947	8,074	25,715	8,084
Total	$9,947	$1,040	$26,211	$1,050

D. Finance costs

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Total Interest on bank loans	$-	$943	$-	$2,627

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

(18) Components of other comprehensive income

For the three-month period ended June 30, 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 gains (losses) on equity instruments investments measured at fair value through other comprehensive income	$37,219	$-	$37,219	$-	$37,219

For the three-month period ended June 30, 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 gains (losses) on equity instruments investments measured at fair value through other comprehensive income	$9,197	$-	$9,197	$-	$9,197

For the three-month period ended June 30, 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 gains (losses) on equity instruments investments measured at fair value through other comprehensive income	$(30,937)	$-	$(30,937)	$-	$(30,937)

For the six-month period ended June 30, 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 gains (losses) on equity instruments investments measured at fair value through other comprehensive income	$49,061	$-	$49,061	$-	$49,061

(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 three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Current income tax expense (income):				
Current income tax expense	$-	$-	$-	$-
The current income tax of previous years is adjusted for the current period				
Income tax expense	-	-	-	-
Total income tax expense	$-	$-	$-	$-

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

B. The assessment of income tax return

As of June 30, 2024, income tax returns of the Company was assessed and approved up to 2021 .

(20) 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.

A. Basic earnings per share

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Profit (loss) attributable to ordinary equity holders of the Company (in thousand NT$)	$139,418	$82,084	$243,495	$122,246
Weighted average number of ordinary shares outstanding (in thousand shares)	140,840	132,149	140,840	132,148
Basic (loss) earnings per share (in NT$)	$0.99	$0.62	$1.73	$0.92

B. Diluted earnings per share earnings per share

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Profit (loss) attributable to ordinary equity holders of the	$139,418	$82,084	$243,495	$122,246

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

Company (in thousand NT$)				
Weighted average number of ordinary shares outstanding (in thousand shares)	140,840	132,149	140,840	132,148
Effect of dilution:				
Employee bonus – stock (in thousand shares)	60	42	164	117
Weighted average number of common shares outstanding after dilution (in thousand shares)	140,900	132,191	141,004	132,265
Basic (loss) earnings per share (in NT$)	$0.99	$0.62	$1.73	$0.92

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

Note: Ms. Jian Huimin, the former chairman of the Board of Directors of the Company, was re-elected as Mr. Su Zhaoyang by the Board of Directors on June 14, 113, and is no longer a related person of the Company since that date.

(2)Significant transactions with related parties

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

A. Sales

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Optoway Technology Incorporation	**$51**	**$-**	**$51**	**$-**

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. For the six-month periods ended June 30, 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.

C. For the six-month periods ended June 30, 2024 and 2023, the Group provide Optoway Technology Incorporation the technical services in the amount of NT$2,010 thousand and NT$4,200 thousand , respectively which was recorded in research and development expenses. As of June 30, 2023, the amount of NT$790 thousand has not been paid, which were recorded in other payables - related parties.

D. For the six-month periods ended June 30, 2024 , CHIEN,HUI-PIN provide the Group the consult services in the amount of NT$188 thousand which was recorded under management expenses. As of June 30, 2024, the amount of NT$8 thousand has not been paid, which were recorded under other payables - related parties.

E. Accounts receivable -related parties

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Optoway Technology	53	-	-
Less: loss allowance	-	-	-
Total	$312,783	$300,474	$306,211

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

F. Salaries and rewards to key management of the Group

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Short-term employee benefits	$12,362	$3,453	$19,728	$11,091
Post-employee benefits	79	81	133	161
Total	$12,441	$3,534	$19,861	$11,252

8. ASSETS PLEDGED AS COLLATERALS

The following assets of the Group are pledged as collaterals:

	Carrying Amount As of			
Item	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023	Secured liabilities
Property, plant and equipment – land	$247,696	$247,696	$247,696	Long-term secured loans
Property, plant and equipment – buildings	**229,822**	**232,270**	**235,341**	Long-term secured loans
Total	**$477,518**	**$479,966**	**$483,037**	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of June 30, 2024, December 31, 2023, and June 30, 2023, the details of significant contingencies and unrecognized contract commitments were as follows:

Nature of Contract	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Guarantee notes issued as collateral for bank loans	USD 17,500	USD 17,500	USD 17,500
	NTD1,25,000	NTD1,025,000	NTD 1,025,000

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

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Financial assets measured at fair value through other comprehensive income	$100,899	$131,836	$175,408
Financial assets measured at amortized cost:			
Cash and cash equivalents (exclude cash on hand)	2,118,238	1,832,191	507,766
Accounts receivables	312,787	300,474	306,211
Other receivables	16,247	25,509	8,161
Subtotal	2,447,272	2,158,174	822,138
Total	$2,548,171	$2,290,010	$997,546

Financial liabilities

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Financial liabilities at amortized cost:			
Accounts payables	$280,332	$362,421	$176,556
Other payables (includes related parties)	307,077	112,715	89,586
Long-term borrowings	-	-	220,000

Total	$587,409	$475,136	$486,142

(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 thesix-month periods ended June 30, 2024 and 2023 increased/decreased by NT$23,921 thousand and NT$16,878 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 six-month periods then ended June 30, 2024 and 2023 would increase/decrease by NT$550 thousand and by NT$18 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 June 30, 2024, December 31, 2023 and June 30, 2023, accounts receivables from top ten customers represented 86%, 85% and 86% 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.

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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 June 30, 2024			
Accounts payables	$280,332	$-	$280,332
Other payables	307,077	-	307,077
As of December 31, 2023			
Accounts payables	$362,421	$-	$362,421
Other payables	112,715	-	112,715
As of June 30, 2023			
Accounts payables	$176,556	$-	$176,556
Other payables	89,586	-	89,586
Long-term borrowings	3,991	220,436	224,427

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the six-month period ended June 30, 2024： None

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Reconciliation of liabilities for the six-month period ended June 30, 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 Jun. 30, 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

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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 June 30, 2024, December 31, 2023 and June 30, 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 June 30, 2024

Financial assets:	Level 1	Level 2	Level 3	Total
Equity instrument measured at fair value through other comprehensive income	$-	$-	$100,899	$100,899

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 June 30, 2023

Financial assets:	Level 1	Level 2	Level 3	Total
Equity instrument measured at fair value through other comprehensive income	$-	$-	$175,408	$175,408

Transfers between Level 1 and Level 2 during the period

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For the six-month period ended June 30, 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 six-month periods ended June 30, 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)	(30,937)
As of Jun. 30, 2023	$100,899

	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)	49,061
As of Jun. 30, 2023	$175,408

Transfers between Level 1 and Level 2 during the period

For the six-month periods ended June, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value hierarchy.

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

	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)	(30,937)
As of Jun. 30, 2024	$100,899

	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)	49,061
As of Jun. 30, 2023	$175,408

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 June 30, 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	3.905	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$10,090 thousand.
		Discount for lack of marketability	33.00%	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$4,324 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$13,184thousand.
		Discount for lack of marketability	34.00%	The higher the discount for lack of marketability, the	Increase (decrease) in the book to market ratio multiples by 10% would

				lower the fair value of the stocks	result in decrease (increase) in the Group's profit or loss by NT$5,898 thousand.

As of June 30, 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	3	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$17,541 thousand.
		Discount for lack of marketability	33.85%	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$7,797 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					
	June 30, 2024			December 31, 2023		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	$21,737	32.45	$705,364	$18,332	30.70	$562,779
Financial liabilities						
Monetary items:						
USD	$6,994	32.45	$226,941	$9,475	30.70	$290,887

	As of		
	June 30, 2023		
	Foreign currencies	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$15,633	31.12	$486,485
Financial liabilities			
Monetary items:			
USD	$4,785	31.12	$148,915

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$9,947 thousand and NT$8,074 thousand for the three-month periods ended June 30, 2024 and 2023, respectively. The foreign exchange gains (loss) were NT$ 25,715 thousand and NT$8,084 thousand for the six-month periods then ended June 30, 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 June 30, 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 six-month period ended June 30, 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 six-month period ended June 30, 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 six-month period ended June 30, 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 six-month period ended June 30, 2024: None.

H. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of June 30, 2024: None.

I. Derivative instrument transactions: None.

J. Intercompany relationships and significant intercompany transactions for the six-month period ended June 30, 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.

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

(c) Marketable securities held as of June 30, 2024 (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 six-month period ended June 30, 2024: None.

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

(e) Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the six-month period ended June 30, 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 six-month period ended June 30, 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 six-month period ended June 30, 2024: None.

(h) Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of June 30, 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.

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LUXNET CORPORATION AND SUBSIDIARIES

Loans to other parties

For the six-month periods ended June 30, 2024

Attachment 1

(In Thousands of Foreign Currency / 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	-	$-	$304,714 (Note 2) (Note 4)	$1,218,857 (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.

Note3: The total amounts loaned to all companies shall not exceed 40% of the Company's net worth.

Note4: 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.

Note5: 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 June 30, 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 June 30, 2022				Note
				Shares (Unit)	Book Value	Percentage of ownership (%)	Fair Value	
	Stock:							
Luxnet Corporation	BANDWIDTH10, INC	-	Financial assets at fair value through profit or loss	220	$2,951	-%	$-	
Toptrans Corporation Limited	Toptrans (Suzhou) Corporation Limited	-	Financial assets at fair value through profit or loss	-	143,483	9.90%	100,899	
	Subtotal				$146,434		$100,899	
	Add: Unrealized gains (losses) on equity instruments investment measured financing at fair value through other comprenensive income				(45,535)			
	Total				$100,899			

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LUXNET CORPORATION AND SUBSIDIARIES

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

As of June 30, 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 Jun. 30, 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%	$100,899 (Note 1)	$-	$-	Subsidary
Toplight Corporation	Toptrans Corporation Limited	Hong Kong	Holding company	$122,980	$122,980	4,000	100.00%	$100,899 (Note 1)	$-	$-	Sub-subsidary

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