

UBright Optronics Corporation

**Parent Company Only Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
UBright Optronics Corporation

Opinion

We have audited the accompanying parent company only financial statements of UBright Optronics Corporation (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the parent company only "financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2024 is as follows:

Operating Revenues from Specific Customers

For the year ended December 31, 2024, sales revenue increased compared with that for the previous year. Given that auditing standards generally presume a risk of material misstatement due to fraud related to revenue recognition and the sales revenues from specific customers were significantly higher than those of the previous year, we identified sales revenues from these specific customers as a key audit matter.

For other relevant disclosures, refer to Notes 4 and 20.

The key audit matter procedures we performed were as follows:

1. We obtained an understanding of the design and implementation of internal controls for the recognition of sales revenue.
2. We reviewed the original documents related to the recognition of sales revenue and the collection by audit sampling.

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

Management is responsible for the preparation and fair presentation of the parent company only of financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related

disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Wen-Hsiang Chen and Wen-Yea Shyu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 5, 2025

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

UBRIGHT OPTRONICS CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

	2024		2023	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6, 26 and 27)	\$ 1,769,234	36	\$ 1,926,375	44
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 26)	969,217	20	444,593	10
Financial assets at amortized cost - current (Notes 4, 9 and 26)	137,697	3	214,935	5
Notes receivable, net (Notes 4, 10, 20 and 26)	277	-	766	-
Trade receivables, net (Notes 4, 10, 20, 26 and 27)	532,104	11	378,050	9
Other receivables (Notes 4, 10 and 27)	122,512	3	111,578	3
Inventories (Notes 4 and 11)	433,680	9	458,570	11
Other current assets (Notes 26 and 28)	<u>50,164</u>	<u>1</u>	<u>16,330</u>	<u>-</u>
Total current assets	<u>4,014,885</u>	<u>83</u>	<u>3,551,197</u>	<u>82</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 26)	70,700	1	59,690	1
Investments accounted for using the equity method (Notes 4 and 12)	-	-	-	-
Property, plant and equipment (Notes 4 and 13)	393,398	8	348,863	8
Right-of-use assets (Notes 4, 14 and 27)	276,592	6	304,998	7
Other intangible assets (Notes 4 and 15)	2,526	-	3,768	-
Deferred tax assets (Notes 4 and 22)	61,145	1	69,302	2
Refundable deposits (Notes 26 and 27)	4,596	-	4,251	-
Other non-current assets (Notes 4 and 18)	<u>30,113</u>	<u>1</u>	<u>14,075</u>	<u>-</u>
Total non-current assets	<u>839,070</u>	<u>17</u>	<u>804,947</u>	<u>18</u>
TOTAL	<u>\$ 4,853,955</u>	<u>100</u>	<u>\$ 4,356,144</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables to unrelated parties (Notes 16 and 26)	\$ 147,293	3	\$ 163,674	4
Trade payables to related parties (Notes 16, 26 and 27)	9,552	-	5,121	-
Other payables (Notes 17, 26 and 27)	280,087	6	198,581	5
Current tax liabilities (Notes 4 and 22)	86,236	2	61,692	1
Lease liabilities - current (Notes 4, 14, 26 and 27)	27,602	1	26,848	1
Current refund liabilities - current (Notes 4, 17 and 20)	250,922	5	209,952	5
Other current liabilities (Note 17)	<u>12,008</u>	<u>-</u>	<u>5,859</u>	<u>-</u>
Total current liabilities	<u>813,700</u>	<u>17</u>	<u>671,727</u>	<u>16</u>
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4, 14, 26 and 27)	272,613	5	300,214	7
Deferred tax liabilities (Notes 4 and 22)	14,911	-	25	-
Other non-current liabilities (Notes 12 and 17)	<u>36,383</u>	<u>1</u>	<u>10,005</u>	<u>-</u>
Total non-current liabilities	<u>323,907</u>	<u>6</u>	<u>310,244</u>	<u>7</u>
Total liabilities	<u>1,137,607</u>	<u>23</u>	<u>981,971</u>	<u>23</u>
EQUITY (Notes 19 and 24)				
Share capital				
Ordinary shares	816,517	17	803,927	18
Capital collected in advance	2,020	-	5,990	-
Capital surplus	1,035,858	22	1,022,318	24
Retained earnings				
Legal reserve	385,484	8	351,536	8
Special reserve	72,802	1	27,422	1
Unappropriated earnings	1,489,138	31	1,235,782	28
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(1,717)	-	(298)	-
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	<u>(83,754)</u>	<u>(2)</u>	<u>(72,504)</u>	<u>(2)</u>
Total equity	<u>3,716,348</u>	<u>77</u>	<u>3,374,173</u>	<u>77</u>
TOTAL	<u>\$ 4,853,955</u>	<u>100</u>	<u>\$ 4,356,144</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

UBRIGHT OPTRONICS CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 27)	\$ 2,936,777	100	\$ 2,498,270	100
OPERATING COSTS (Notes 11, 21 and 27)	<u>2,027,497</u>	<u>69</u>	<u>1,811,016</u>	<u>72</u>
GROSS PROFIT	<u>909,280</u>	<u>31</u>	<u>687,254</u>	<u>28</u>
OPERATING EXPENSES (Notes 4, 10, 18, 21 and 27)				
Selling and marketing expenses	93,510	3	83,909	3
General and administrative expenses	101,235	3	120,711	5
Research and development expenses	258,252	9	188,116	8
Expected credit impairment recovery benefit	<u>(7,931)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>445,066</u>	<u>15</u>	<u>392,736</u>	<u>16</u>
PROFIT FROM OPERATIONS	<u>464,214</u>	<u>16</u>	<u>294,518</u>	<u>12</u>
NON-OPERATING INCOME (Notes 4, 21 and 27)				
Interest revenue	113,227	4	91,040	4
Other income	10,674	-	4,188	-
Finance costs	(3,186)	-	(3,435)	-
Other gains and losses	114,717	4	5,540	-
Share of (loss) profit of subsidiaries	<u>(2,880)</u>	<u>-</u>	<u>2,052</u>	<u>-</u>
Total non-operating income	<u>232,552</u>	<u>8</u>	<u>99,385</u>	<u>4</u>
NET PROFIT BEFORE INCOME TAX	696,766	24	393,903	16
INCOME TAX EXPENSE (Notes 4 and 22)	<u>121,177</u>	<u>4</u>	<u>54,359</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>575,589</u>	<u>20</u>	<u>339,544</u>	<u>14</u>
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	88	-	(77)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	10,829	-	(40,848)	(2)

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UBRIGHT OPTRONICS CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Share of other comprehensive income of subsidiaries accounted for using the equity method	\$ (22,079)	(1)	\$ (4,586)	-
Income tax relating to items that will not be reclassified subsequently to loss or profit (Note 22)	(18)	-	16	-
	<u>(11,180)</u>	<u>(1)</u>	<u>(45,495)</u>	<u>(2)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(1,419)</u>	<u>-</u>	<u>54</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(12,599)</u>	<u>(1)</u>	<u>(45,441)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 562,990</u>	<u>19</u>	<u>\$ 294,103</u>	<u>12</u>
EARNINGS PER SHARE (NT\$; Note 23)				
From continuing operations				
Basic	<u>\$ 7.07</u>		<u>\$ 4.22</u>	
Diluted	<u>\$ 7.00</u>		<u>\$ 4.16</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

UBRIGHT OPTRONICS CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Retained Earnings			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT DECEMBER 31, 2023	\$ 801,777	\$ 1,004,384	\$ 322,774	\$ 2,477	\$ 1,183,924	\$ (352)	\$ (27,070)	\$ 3,287,914
Appropriation of 2022 earnings								
Legal reserve	-	-	28,762	-	(28,762)	-	-	-
Special reserve	-	-	-	24,945	(24,945)	-	-	-
Cash dividends distributed	-	-	-	-	(233,918)	-	-	(233,918)
Other changes in capital surplus								
Employee share options issued by the Company	-	6,585	-	-	-	-	-	6,585
Net profit for the year ended December 31, 2023	-	-	-	-	339,544	-	-	339,544
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61)</u>	<u>54</u>	<u>(45,434)</u>	<u>(45,441)</u>
Total comprehensive income (loss) for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>339,483</u>	<u>54</u>	<u>(45,434)</u>	<u>294,103</u>
Issuance of ordinary shares under employee share options	<u>8,140</u>	<u>11,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,489</u>
BALANCE AT DECEMBER 31, 2023	809,917	1,022,318	351,536	27,422	1,235,782	(298)	(72,504)	3,374,173
Appropriation of 2023 earnings								
Legal reserve	-	-	33,948	-	(33,948)	-	-	-
Special reserve	-	-	-	45,380	(45,380)	-	-	-
Cash dividends distributed	-	-	-	-	(242,975)	-	-	(242,975)
Other changes in capital surplus								
Employee share options issued by the Company	-	2,195	-	-	-	-	-	2,195
Net profit for the year ended December 31, 2024	-	-	-	-	575,589	-	-	575,589
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70</u>	<u>(1,419)</u>	<u>(11,250)</u>	<u>(12,599)</u>
Total comprehensive income (loss) for the year ended December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>575,659</u>	<u>(1,419)</u>	<u>(11,250)</u>	<u>562,990</u>
Issuance of ordinary shares under employee share options	<u>8,620</u>	<u>11,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,965</u>
BALANCE AT DECEMBER 31, 2024	<u>\$ 818,537</u>	<u>\$ 1,035,858</u>	<u>\$ 385,484</u>	<u>\$ 72,802</u>	<u>\$ 1,489,138</u>	<u>\$ (1,717)</u>	<u>\$ (83,754)</u>	<u>\$ 3,716,348</u>

The accompanying notes are an integral part of the parent company only financial statements.

UBRIGHT OPTRONICS CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 696,766	\$ 393,903
Adjustments to:		
Depreciation expenses	82,483	123,869
Amortization expense	1,872	1,338
Expected credit impairment recovery profit	(7,931)	-
Net gain on fair value changes of financial assets at fair value through profit or loss	(18,108)	(10,173)
Finance costs	3,186	3,435
Interest income	(113,227)	(91,040)
Compensation cost of employee share options	2,195	6,585
Share of loss (profit) of subsidiaries	2,880	(2,052)
Property, plant and equipment transferred to expenses	1,517	1,615
Write-down of inventories and reversal of write-down of inventories	(1,903)	(637)
Unrealized (gain) loss on foreign currency exchange	(90,896)	13,871
Changes in operating assets and liabilities		
Notes receivable	489	(766)
Trade receivables	(137,472)	(20,738)
Other receivables	(3,479)	8
Inventories	26,793	(86,866)
Other current assets	(33,834)	3,892
Other items of operating activities	63	(164)
Trade payables	(12,643)	89,076
Other payables	81,506	42,513
Other current liabilities	6,149	1,567
Current refund liabilities	40,970	(39,485)
Cash generated from operations	527,376	429,751
Interest received	112,012	78,102
Interest paid	(3,186)	(3,435)
Income tax paid	(73,608)	(30,447)
Net cash generated from operating activities	562,594	473,971
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(181)	(20,685)
Purchase of financial assets at amortized cost	-	(104,935)
Proceeds from sale of financial assets at amortized cost	77,238	-
Purchase of financial assets at fair value through profit or loss	(506,516)	(205,173)
Proceeds from sale of financial assets at fair value through profit or loss	-	53,758
Payments for property, plant and equipment	(100,129)	(49,136)
Increase in refundable deposits	(345)	-
Increase in other receivables from related parties	-	(45,569)

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UBRIGHT OPTRONICS CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Payments for intangible assets	\$ (630)	\$ (3,638)
Increase in prepayments for equipment	<u>(16,013)</u>	<u>(11,177)</u>
Net cash used in investing activities	<u>(546,576)</u>	<u>(386,555)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(26,847)	(25,745)
Dividends paid to owners of the Company	(242,975)	(233,918)
Exercise of employee share options	<u>19,965</u>	<u>19,489</u>
Net cash used in financing activities	<u>(249,857)</u>	<u>(240,174)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>76,698</u>	<u>(3,305)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(157,141)	(156,063)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,926,375</u>	<u>2,082,438</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,769,234</u>	<u>\$ 1,926,375</u>

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

UBRIGHT OPTRONICS CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

UBright Optronics Corporation (the “Company”) was established by Shinkong Synthetic Fibers Corporation, Po Ruei Corporation and others in the Republic of China (ROC) on January 6, 2004. The Company is mainly engaged in the manufacture and sale of precision chemical materials and wholesale of molds.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since July 2011.

The parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF PARENT COMPANY ONLY FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 5, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the following IFRS Accounting Standards endorsed and enforced by the FSC did not have a material impact on the Company’s accounting policies:

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Company shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the parent company only financial statements were authorized for issue, the Company was continuing to assess the other impacts of the above amended standards and interpretations on the Company's financial position and financial performance and will disclose these impacts when the assessment is completed.

- c. The IFRS Accounting Standards issued but not yet endorsed and enforced by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

1) IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as "Other" only if a more descriptive label cannot be found.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the parent company only financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.
- 2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities

The amendments mainly refer to the requirements for the classification of financial assets, including if a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,

- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
- In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

The amendments also stipulate that, when settling a financial liability in cash using an electronic payment system, the Company can choose to derecognize the financial liability before the settlement date if, and only if, the Company has initiated a payment instruction that resulted in:

- The Company's having no practical ability to withdraw, stop or cancel the payment instruction;
- The Company's having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

The Company shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance and will disclose the relevant impacts when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investment in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or from being used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's parent company only financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date of fair value remeasurement, and exchange differences arising from this remeasurement are included in profit or loss for the period. But if a gain or loss on a nonmonetary item is recognized in other comprehensive income, any foreign exchange component of that gain or loss is also recognized in other comprehensive income.

For a non-monetary items denominated in a foreign currency and measured at historical cost, the historical rate at the date of the transaction is used for reporting at the end of the period, i.e., there is no need for any recalculation.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in process, which are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including structured entities) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the financial statements of the invested company as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. In addition, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would have been required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. These assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use assets, and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular-way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when they are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments that are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on these financial assets are recognized in other income; any remeasurement gains or losses on these financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

After initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and others, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset.

A financial asset is credit-impaired when the issuer or borrower experiences significant financial difficulty; there is breach of contract, such as a default; it is becoming probable that the borrower will enter bankruptcy or undergo financial reorganization; or an active market for that financial asset disappears because of financial difficulties.

Cash equivalents include time deposits with original maturities of three months from the date of acquisition, are highly liquid and readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if contingent consideration is recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime ECLs for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

ECLs reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indications that a financial asset is in default:

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. A financial asset is more than 60 days past due unless the Company has reasonable and corroborative information to support a more delayed default criterion.

The impairment loss on all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without being recycled through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and their carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts in which the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sale of goods

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

l. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments that depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefit expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Share-based payment arrangements (employee share options)

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve the retention of earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, but when these taxes relate to items that are recognized in other comprehensive income or directly in equity, the current taxes and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact of the economic environment implications of the international political and economic situation on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	\$ 150	\$ 150
Checking accounts and demand deposits	1,128,954	439,231
Cash equivalents (investments with original maturities not exceeding 3 months)		
Time deposits	<u>640,130</u>	<u>1,486,994</u>
	<u>\$ 1,769,234</u>	<u>\$ 1,926,375</u>

The market rate intervals of bank deposits at the end of the reporting period were as follows:

	December 31	
	2024	2023
Time deposits	1.23%-4.75%	1.13%-5.5%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2024	2023
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 211,828	\$ 23,642
Bonds	<u>757,389</u>	<u>420,951</u>
	<u>\$ 969,217</u>	<u>\$ 444,593</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2024	2023
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	\$ 70,700	\$ 59,690
<u>Investments in equity instruments at FVTOCI</u>		
	December 31	
	2024	2023
<u>Non-current</u>		
Domestic listed shares and emerging market shares		
Shin Kong Financial Holding Co., Ltd. Preferred Stock B	\$ 70,700	\$ 57,300
Domestic unlisted shares		
OMVO TECHNOLOGY INC.	-	2,390
	\$ 70,700	\$ 59,690

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2024	2023
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	\$ 137,697	\$ 214,935

The market rates of financial assets at amortized cost at the end of the reporting period were as follows:

	December 31	
	2024	2023
Time deposits with original maturities of more than 3 months	5.17%	5.25%-5.4%

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2024	2023
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 277	\$ 766
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 277</u>	<u>\$ 766</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 558,604	\$ 412,481
Less: Allowance for impairment loss	<u>(26,500)</u>	<u>(34,431)</u>
	<u>\$ 532,104</u>	<u>\$ 378,050</u>
<u>Other receivables</u>		
Other receivables - related parties (Note 27)	\$ 98,937	\$ 92,682
Other	<u>23,575</u>	<u>8,896</u>
	<u>\$ 122,512</u>	<u>\$ 111,578</u>

At amortized cost

The Company's credit period for the sale of goods to major customers is 60 to 120 days, and no interest is charged on trade receivables. The Company uses other publicly available financial information or its own trading records to rate its major customers. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base. Therefore, the Company uses provision matrixes based on the expected credit loss rate by reference to the past due days of accounts receivable.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, when the debtor has been placed under liquidation, or when the trade receivables are days past due. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance for trade receivables based on the Company's provision matrix:

December 31, 2024

	<u>Up to 60 Days</u> <u>Credit</u> <u>Classification</u>	<u>60 Days or</u> <u>More</u> <u>Credit</u> <u>Classification</u>	<u>Total</u>
Expected credit loss rate	0.91%-100%	100%	
Gross carrying amount	\$ 551,341	\$ 7,263	\$ 558,604
Loss allowance (Lifetime ECLs)	<u>(19,237)</u>	<u>(7,263)</u>	<u>(26,500)</u>
Amortized cost	<u>\$ 532,104</u>	<u>\$ -</u>	<u>\$ 532,104</u>

December 31, 2023

	<u>Up to 60 Days</u> <u>Credit</u> <u>Classification</u>	<u>60 Days or</u> <u>More</u> <u>Credit</u> <u>Classification</u>	<u>Total</u>
Expected credit loss rate	0.51%-100%	100%	
Gross carrying amount	\$ 404,250	\$ 8,231	\$ 412,481
Loss allowance (Lifetime ECLs)	<u>(26,200)</u>	<u>(8,231)</u>	<u>(34,431)</u>
Amortized cost	<u>\$ 378,050</u>	<u>\$ -</u>	<u>\$ 378,050</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 34,431	\$ 34,431
Less: Net remeasurement of loss allowance	<u>(7,931)</u>	<u>-</u>
Balance at December 31	<u>\$ 26,500</u>	<u>\$ 34,431</u>

11. INVENTORIES

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Raw materials	\$ 209,344	\$ 196,073
Materials	12,882	8,533
Semi-finished goods	175,134	223,301
Finished goods	<u>36,320</u>	<u>30,663</u>
	<u>\$ 433,680</u>	<u>\$ 458,570</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2024 and 2023 amounted to \$2,027,497 thousand and \$1,811,016 thousand, respectively.

The cost of goods sold included reversals of inventory write-downs of \$1,903 thousand and \$637 thousand for the years ended December 31, 2024 and 2023, respectively.

12. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2024	2023
Investments in subsidiary	\$ (36,383)	\$ (10,005)
Add: Investments accounted for using the equity method transferred to non-current liabilities	<u>36,383</u>	<u>10,005</u>
	<u>\$ -</u>	<u>\$ -</u>

	December 31	
Name of Subsidiaries	2024	2023
Rise Concept Enterprises Limited	100%	100%

The share of profit or loss and other comprehensive income of the investment accounted for using the equity method was calculated based on the subsidiary's audited financial statements.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under Constriction	Total
Cost								
Balance at January 1, 2024	\$ 60,920	\$ 901,524	\$ 1,742,098	\$ 40,876	\$ 18,513	\$ 61,688	\$ 13,584	\$ 2,839,203
Additions	-	4,849	41,264	-	5,296	1,500	47,220	100,129
Disposals	-	-	(34,000)	(1,738)	-	-	-	(35,738)
Reclassifications	<u>23,846</u>	<u>18,408</u>	<u>574</u>	<u>1,747</u>	<u>326</u>	<u>2,349</u>	<u>(48,767)</u>	<u>(1,517)</u>
Balance at December 31, 2024	<u>\$ 84,766</u>	<u>\$ 924,781</u>	<u>\$ 1,749,936</u>	<u>\$ 40,885</u>	<u>\$ 24,135</u>	<u>\$ 65,537</u>	<u>\$ 12,037</u>	<u>\$ 2,902,077</u>
Accumulated depreciation								
Balance at January 1, 2024	\$ -	\$ 730,109	\$ 1,649,934	\$ 38,659	\$ 16,603	\$ 55,035	\$ -	\$ 2,490,340
Disposals	-	-	(34,000)	(1,738)	-	-	-	(35,738)
Depreciation expense	<u>-</u>	<u>18,296</u>	<u>26,741</u>	<u>1,945</u>	<u>1,114</u>	<u>5,981</u>	<u>-</u>	<u>54,077</u>
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 748,405</u>	<u>\$ 1,642,675</u>	<u>\$ 38,866</u>	<u>\$ 17,717</u>	<u>\$ 61,016</u>	<u>\$ -</u>	<u>\$ 2,508,679</u>
Carrying amount at December 31, 2024	<u>\$ 84,766</u>	<u>\$ 176,376</u>	<u>\$ 107,261</u>	<u>\$ 2,019</u>	<u>\$ 6,418</u>	<u>\$ 4,521</u>	<u>\$ 12,037</u>	<u>\$ 393,398</u>
Cost								
Balance at January 1, 2023	\$ 60,920	\$ 894,407	\$ 1,714,793	\$ 39,936	\$ 17,311	\$ 58,180	\$ 6,783	\$ 2,792,330
Additions	-	2,803	25,739	-	535	98	19,961	49,136
Disposals	-	-	(490)	-	-	(158)	-	(648)
Reclassifications	<u>-</u>	<u>4,314</u>	<u>2,056</u>	<u>940</u>	<u>667</u>	<u>3,568</u>	<u>(13,160)</u>	<u>(1,615)</u>
Balance at December 31, 2023	<u>\$ 60,920</u>	<u>\$ 901,524</u>	<u>\$ 1,742,098</u>	<u>\$ 40,876</u>	<u>\$ 18,513</u>	<u>\$ 61,688</u>	<u>\$ 13,584</u>	<u>\$ 2,839,203</u>
Accumulated depreciation								
Balance at January 1, 2023	\$ -	\$ 676,344	\$ 1,619,269	\$ 36,911	\$ 16,153	\$ 46,620	\$ -	\$ 2,395,297
Disposals	-	-	(490)	-	-	(158)	-	(648)
Depreciation expense	<u>-</u>	<u>53,765</u>	<u>31,155</u>	<u>1,748</u>	<u>450</u>	<u>8,573</u>	<u>-</u>	<u>95,691</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 730,109</u>	<u>\$ 1,649,934</u>	<u>\$ 38,659</u>	<u>\$ 16,603</u>	<u>\$ 55,035</u>	<u>\$ -</u>	<u>\$ 2,490,340</u>
Carrying amount at December 31, 2023	<u>\$ 60,920</u>	<u>\$ 171,415</u>	<u>\$ 92,164</u>	<u>\$ 2,217</u>	<u>\$ 1,910</u>	<u>\$ 6,653</u>	<u>\$ 13,584</u>	<u>\$ 348,863</u>

No impairment assessment was performed for the years ended December 31, 2024 and 2023 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	1-43.67 years
Machinery equipment	1-9 years
Transportation equipment	1-7 years
Office equipment	1-10 years
Other equipment	1-6 years

The material components of buildings primarily include the main plant, air-conditioning equipment, engineering and fire protection engineering equipment, which are depreciated on a straight-line basis over their estimated useful lives of 11 to 43.67 years, 2.5 to 9 years and 6 years, respectively.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2024	2023
<u>Carrying amount</u>		
Land	\$ 274,892	\$ 302,777
Machinery	54	112
Transportation equipment	1,229	1,543
Office equipment	<u>417</u>	<u>566</u>
	<u>\$ 276,592</u>	<u>\$ 304,998</u>
	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 2,231</u>
Depreciation charge for right-of-use assets		
Land	\$ 27,885	\$ 27,956
Machinery	58	58
Transportation equipment	314	26
Office equipment	<u>149</u>	<u>138</u>
	<u>\$ 28,406</u>	<u>\$ 28,178</u>

b. Lease liabilities

	December 31	
	2024	2023
<u>Carrying amount</u>		
Current	<u>\$ 27,602</u>	<u>\$ 26,848</u>
Non-current	<u>\$ 272,613</u>	<u>\$ 300,214</u>

The discount rates for lease liabilities were as follows:

	December 31	
	2024	2023
Land	1%	1%
Machinery	1%	1%
Transportation equipment	1%	1%
Office equipment	1%	1%

c. Material lease activities and terms (the Company is lessee)

The Company leases certain machinery and office equipment for the use of operating activities with lease terms of 5 to 6 years. The Company does not have bargain purchase options to acquire the leasehold equipment at the end of the lease terms.

The Company also leases land for the use of plants with lease terms of 3 to 20 years. The Company does not have bargain purchase options to acquire the leasehold land at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	<u>\$ 6,034</u>	<u>\$ 5,538</u>
Total cash outflow for leases	<u>\$ 36,005</u>	<u>\$ 34,662</u>

15. OTHER INTANGIBLE ASSETS

	Computer Software	Patents	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ 6,011	\$ -	\$ 6,011
Additions	630	-	630
Disposals	<u>(880)</u>	<u>-</u>	<u>(880)</u>
Balance at December 31, 2024	<u>\$ 5,761</u>	<u>\$ -</u>	<u>\$ 5,761</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2024	\$ 2,243	\$ -	\$ 2,243
Amortization expenses	1,872	-	1,872
Disposals	<u>(880)</u>	<u>-</u>	<u>(880)</u>
Balance at December 31, 2024	<u>\$ 3,235</u>	<u>\$ -</u>	<u>\$ 3,235</u>
Carrying amount at December 31, 2024	<u>\$ 2,526</u>	<u>\$ -</u>	<u>\$ 2,526</u>

(Continued)

	Computer Software	Patents	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 2,373	\$ 7,660	\$ 10,033
Additions	3,638	-	3,638
Disposals	<u>-</u>	<u>(7,660)</u>	<u>(7,660)</u>
Balance at December 31, 2023	<u>\$ 6,011</u>	<u>\$ -</u>	<u>\$ 6,011</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ 905	\$ 7,660	\$ 8,565
Amortization expenses	1,338	-	1,338
Disposals	<u>-</u>	<u>(7,660)</u>	<u>(7,660)</u>
Balance at December 31, 2023	<u>\$ 2,243</u>	<u>\$ -</u>	<u>\$ 2,243</u>
Carrying amount at December 31, 2023	<u>\$ 3,768</u>	<u>\$ -</u>	<u>\$ 3,768</u>
			(Concluded)

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patents	5 years
Computer software	1-5 years

16. TRADE PAYABLES

	December 31	
	2024	2023
<u>Trade payables</u>		
Operating	<u>\$ 156,845</u>	<u>\$ 168,795</u>

The average credit period for purchases of raw materials and materials was one month. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

17. OTHER LIABILITIES

	December 31	
	2024	2023
<u>Current</u>		
Payables for salaries	\$ 217,524	\$ 136,564
Others	<u>62,563</u>	<u>62,017</u>
	<u>\$ 280,087</u>	<u>\$ 198,581</u>
		(Continued)

	December 31	
	2024	2023
Other liabilities		
Refund liabilities (Note 20)	\$ 250,922	\$ 209,952
Others	<u>12,008</u>	<u>5,859</u>
	<u>\$ 262,930</u>	<u>\$ 215,811</u>
<u>Non-current</u>		
Investments accounted for using the equity method transferred to non-current liabilities	<u>\$ 36,383</u>	<u>\$ 10,005</u> (Concluded)

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly wages and salaries.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds (the "Bureau") under the Ministry of Labor (the "Bureau"); the Company has no right to influence the fund investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plan were as follows:

	December 31	
	2024	2023
Present value of defined benefit obligation	\$ 562	\$ 136
Fair value of plan assets	<u>(3,367)</u>	<u>(2,916)</u>
Retained contributions	<u>(2,805)</u>	<u>(2,780)</u>
Net defined benefit liabilities	<u>\$ (2,805)</u>	<u>\$ (2,780)</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	\$ -	\$ (2,693)	\$ (2,693)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(59)	(59)
Actuarial (gain) loss			
Changes in financial assumptions	16	-	16
Experience adjustments	120	-	120
Recognized in other comprehensive income	136	(59)	77
Contributions from the employer	-	(164)	(164)
Balance at December 31, 2023	136	(2,916)	(2,780)
Service cost			
Current service cost	263	-	263
Net interest expense (income)	2	(44)	(42)
Recognized in profit or loss	265	(44)	221
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(249)	(249)
Actuarial (gain) loss			
Changes in financial assumptions	37	-	37
Experience adjustments	124	-	124
Recognized in other comprehensive income	161	(249)	(88)
Contributions from the employer	-	(158)	(158)
Balance at December 31, 2024	\$ 562	\$ (3,367)	\$ (2,805)

The Company is exposed to the following risks on the defined benefit plan under the Labor Standards Act:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds under the Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a two-year time deposit in local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2024	2023
Discount rate(s)	1.5794%	1.4436%
Expected rate(s) of salary increase	2%	2%
Average duration of the defined benefit obligation	22.83 years	24.75 years

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2024	2023
Discount rate		
0.25% increase	\$ (31)	\$ (8)
0.25% decrease	\$ 32	\$ 9
Expected rate of salary increase/decrease		
0.25% increase	\$ 32	\$ 8
0.25% decrease	\$ (30)	\$ (8)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

19. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2024	2023
Shares authorized (in thousands of shares)	150,000	150,000
Shares authorized (in thousands of dollars)	\$ 1,500,000	\$ 1,500,000
Shares issued and fully paid (in thousands of shares)	81,854	80,992
Shares issued and fully paid (in thousands of dollars)	\$ 818,537	\$ 809,917

For the year ended December 31, 2023, the Company's authorized shares include 814 thousand shares, which were allocated for the exercise of employee share options.

For the year ended December 31, 2024, the Company's authorized shares increased 862 thousand shares, which were exercised from the employee share options. Of this share increase, 202 thousand shares had not been registered by the Company with the Ministry of Economic Affairs before the date the consolidated financial statements were authorized for issue.

b. Capital surplus

	December 31	
	2024	2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares (3)	\$ 876,521	\$ 858,469
Capital surplus - expired employee share options	151,622	151,622
Donations	1	1
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	209	209
<u>May not be used for any purpose</u>		
Employee share options	7,505	12,017
	<u>\$ 1,035,858</u>	<u>\$ 1,022,318</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.
- 3) For the years ended December 31, 2024 and 2023, the number of ordinary shares issued was 11,345 thousand and 11,349 thousand, respectively, and the number of ordinary shares reclassified to capital surplus - employee share options was 6,707 thousand and 6,210 thousand, respectively.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The aforementioned distribution of dividends and bonuses from the legal reserve or capital surplus shall be authorized by the board of directors in their meeting attended by at least two-thirds of all directors and resolved by more than half of the directors present, and reported to the shareholders in their meeting.

For the policies on the distribution of employees' compensation and remuneration of directors and after the amendment, refer to employees' compensation and remuneration of directors in Note 21-h.

The Company's Articles also stipulate a dividend policy whereby the issuance of stock dividends takes precedence over the payment of cash dividends. In principle, cash dividends are limited to 10% of the total dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from the prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2023 and 2022 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2023	2022
Legal reserve	\$ 33,948	\$ 28,762
Special reserve	\$ 45,380	\$ 24,945
Cash dividends	\$ 242,975	\$ 233,918
Cash dividends per share (NT\$)	\$ 3	\$ 2.9175

The above appropriations for cash dividends were resolved by the Company's board of directors on February 21, 2024 and March 9, 2023; the other proposed appropriations were resolved by the shareholders in their meetings on June 3, 2024 and June 7, 2023.

The appropriations of earnings for 2024, which were proposed by the Company's board of directors on March 5, 2025, were as follows:

	For the Year Ended December 31, 2024
Legal reserve	\$ 57,566
Special reserve	\$ 12,669
Cash dividends	\$ 491,122
Cash dividends per share (NT\$)	\$ 6

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be presented to the shareholders for approval in their meeting to be held on June 10, 2025.

d. Special reserve

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 27,422	\$ 2,477
Appropriation in respect of:		
Debit to other equity items	45,380	24,945
Balance at December 31	\$ 72,802	\$ 27,422

20. REVENUE

	For the Year Ended December 31	
	2024	2023
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 2,936,777</u>	<u>\$ 2,498,270</u>

a. Contract information

The Company's customary business practices allow most customers to return the goods purchased or offer a discount on the goods. The amount of returns and allowances is estimated using the most likely amount, taking into account the transaction records with the customers in the past and the Company's historical records. The refund liability is recorded accordingly. Refer to Note 17 for the related information.

b. Contract balances

	December 31	
	2024	2023
Trade receivables (Note 10)	<u>\$ 532,381</u>	<u>\$ 378,816</u>

c. Disaggregation of revenue

	Reportable Segments	
	Electronic Equipment - Direct Sales	Total
<u>For the year ended December 31, 2024</u>		
Type of goods or services		
Sale of goods	<u>\$ 2,936,777</u>	<u>\$ 2,936,777</u>
<u>For the year ended December 31, 2023</u>		
Type of goods or services		
Sale of goods	<u>\$ 2,498,270</u>	<u>\$ 2,498,270</u>

21. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2024	2023
Bank deposits	\$ 80,338	\$ 74,948
Financial assets at FVTPL	32,048	15,405
Others	<u>841</u>	<u>687</u>
	<u>\$ 113,227</u>	<u>\$ 91,040</u>

b. Other income

	For the Year Ended December 31	
	2024	2023

Others	\$ <u>10,674</u>	\$ <u>4,188</u>
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c. Other gains and losses

	For the Year Ended December 31	
	2024	2023

Net foreign exchange gains (losses)	\$ 96,609	\$ (4,507)
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	18,108	10,173
Others	<u>-</u>	<u>(126)</u>
	\$ <u>114,717</u>	\$ <u>5,540</u>

d. Finance costs

	For the Year Ended December 31	
	2024	2023

Interest on lease liabilities	\$ 3,124	\$ 3,379
Other finance costs	<u>62</u>	<u>56</u>
	\$ <u>3,186</u>	\$ <u>3,435</u>

There was no capitalized interest for the years ended December 31, 2024 and 2023.

e. Reversal of losses (losses) on impairment

	For the Year Ended December 31	
	2024	2023

Trade receivables	\$ <u>7,931</u>	\$ <u>-</u>
Inventories (included in operating costs)	\$ <u>1,903</u>	\$ <u>637</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023

Property, plant and equipment	\$ 54,077	\$ 95,691
Right-of-use assets	28,406	28,178
Other intangible assets	<u>1,872</u>	<u>1,338</u>
	\$ <u>84,355</u>	\$ <u>125,207</u>

(Continued)

	<u>For the Year Ended December 31</u>	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 63,784	\$ 110,388
Operating expenses	<u>18,699</u>	<u>13,481</u>
	<u>\$ 82,483</u>	<u>\$ 123,869</u>
An analysis of amortization by function		
Operating costs	\$ 760	\$ 338
Operating expenses	<u>1,112</u>	<u>1,000</u>
	<u>\$ 1,872</u>	<u>\$ 1,338</u>
		(Concluded)

g. Employee benefit expense

	<u>For the Year Ended December 31</u>	
	2024	2023
Short-term benefits	\$ 539,786	\$ 450,855
Post-employment benefits (Note 18)		
Defined contribution plans	16,516	14,028
Defined benefit plans	<u>221</u>	<u>-</u>
	<u>16,737</u>	<u>14,028</u>
Share-based payments		
Equity-settled (Note 24)	<u>2,195</u>	<u>6,585</u>
Total employee benefit expense	<u>\$ 558,718</u>	<u>\$ 471,468</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 414,122	\$ 350,011
Operating expenses	<u>144,596</u>	<u>121,457</u>
	<u>\$ 558,718</u>	<u>\$ 471,468</u>

h. Employees' compensation and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2024 and 2023 which were approved by the Company's board of directors on March 5, 2025 and February 21, 2024, respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2024	2023
Employees' compensation	1%	1%
Remuneration of directors	0.075%	0.069%

Amount

	For the Year Ended December 31	
	2024	2023
	Cash	Cash
Employees' compensation	\$ 7,038	\$ 3,979
Remuneration of directors	525	275

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2025 and 2024 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2024	2023
Foreign exchange gains (losses)	<u>\$ 96,609</u>	<u>\$ (4,507)</u>

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current year	\$ 112,307	\$ 84,842
Income tax on unappropriated earnings	859	-
Adjustments for prior years	<u>(15,014)</u>	<u>(22,578)</u>
	<u>98,152</u>	<u>62,264</u>
Deferred tax		
In respect of the current year	23,025	(7,213)
Adjustments for prior years	<u>-</u>	<u>(692)</u>
	<u>23,025</u>	<u>(7,905)</u>
Income tax expense recognized in profit or loss	<u>\$ 121,177</u>	<u>\$ 54,359</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2024	2023
Profit before tax from continuing operations	<u>\$ 696,766</u>	<u>\$ 393,903</u>
Income tax expense calculated at the statutory rate	\$ 139,353	\$ 78,781
Nondeductible expenses in determining taxable income	-	10
Tax-exempt income	-	(752)
Unrecognized deductible temporary differences	576	(410)
Income tax on unappropriated earnings	859	-
Adjustments for prior years' tax	(15,014)	(22,578)
Adjustments for prior years' deferred tax	-	(692)
Others	<u>(4,597)</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 121,177</u>	<u>\$ 54,359</u>

b. Current tax assets and liabilities

	December 31	
	2024	2023
Current tax liabilities		
Income tax payable	<u>\$ 86,236</u>	<u>\$ 61,692</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Refund liabilities	\$ 27,108	\$ 1,776	\$ -	\$ 28,884
Unrealized loss on foreign currency exchange loss	5,744	(5,744)	-	-
Unrealized loss on write-down of inventories	28,512	(381)	-	28,131
Fair value changes of financial assets	1,944	(1,944)	-	-
Allowance for impairment loss of receivables	<u>5,994</u>	<u>(1,864)</u>	<u>-</u>	<u>4,130</u>
	<u>\$ 69,302</u>	<u>\$ (8,157)</u>	<u>\$ -</u>	<u>\$ 61,145</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain on foreign currency exchange gain	\$ -	\$ 13,191	\$ -	\$ 13,191
Fair value changes of financial assets	-	1,677	-	1,677
Defined benefit obligation	<u>25</u>	<u>-</u>	<u>18</u>	<u>43</u>
	<u>\$ 25</u>	<u>\$ 14,868</u>	<u>\$ 18</u>	<u>\$ 14,911</u>
				(Concluded)

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Refund liabilities	\$ 32,824	\$ (5,716)	\$ -	\$ 27,108
Unrealized loss on foreign currency exchange loss	-	5,744	-	5,744
Unrealized loss on write-down of inventories	28,640	(128)	-	28,512
Fair value changes of financial assets	2,490	(546)	-	1,944
Allowance for impairment loss of receivables	<u>6,073</u>	<u>(79)</u>	<u>-</u>	<u>5,994</u>
	<u>\$ 70,027</u>	<u>\$ (725)</u>	<u>\$ -</u>	<u>\$ 69,302</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain on foreign currency exchange gain	\$ 8,630	\$ (8,630)	\$ -	\$ -
Defined benefit obligation	<u>41</u>	<u>-</u>	<u>(16)</u>	<u>25</u>
	<u>\$ 8,671</u>	<u>\$ (8,630)</u>	<u>\$ (16)</u>	<u>\$ 25</u>

- d. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2024	2023
Deductible temporary differences		
Share of loss of associates	<u>\$ 6,826</u>	<u>\$ 3,945</u>

- e. Income tax assessments

The Company's tax returns through 2022 had been assessed by the tax authorities.

23. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2024	2023
Basic earnings per share		
From continuing operations	<u>\$ 7.07</u>	<u>\$ 4.22</u>
Diluted earnings per share		
From continuing operations	<u>\$ 7.00</u>	<u>\$ 4.16</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2024	2023
Earnings used in the computation of basic earnings per share	<u>\$ 575,589</u>	<u>\$ 339,544</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 575,589</u>	<u>\$ 339,544</u>

Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	81,451	80,437
Effect of potentially dilutive ordinary shares:		
Employees' compensation and share options	<u>767</u>	<u>1,156</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>82,218</u>	<u>81,593</u>

Since the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. SHARE-BASED PAYMENT ARRANGEMENTS

Qualified employees of the Company were granted 2,050 options in October 2021 and 880 options in January 2020. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 5 years and exercisable at certain percentages after the second year from the grant date. The options were granted at an exercise price equal to the closing price of the Company's ordinary shares listed on the grant date. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	The Plan of October 2021			
	2024		2023	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	1,513	\$ 25.90	2,050	\$ 28.20
Options granted	-	-	-	-
Options forfeited	-	-	-	-
Options exercised	(345)	25.90	(537)	25.90
Options exercised	(207)	24.80	-	-
Options expired	-	-	-	-
Balance at December 31	<u>961</u>	24.80	<u>1,513</u>	25.90
Options exercisable, end of period	<u>449</u>	24.80	<u>488</u>	25.90
Weighted-average fair value of options granted (NT\$)	<u>\$ -</u>		<u>\$ -</u>	

The Plan of January 2020				
	2024		2023	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	370	\$ 19.10	647	\$ 20.80
Options granted	-	-	-	-
Options forfeited	-	-	-	-
Options exercised	(278)	19.10	(171)	20.80
Options expired	(32)	18.30	(106)	19.10
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31	<u>60</u>	18.30	<u>370</u>	19.10
Options exercisable, end of period	<u>60</u>	18.30	<u>18</u>	19.10
Weighted-average fair value of options granted (NT\$)	<u>\$ -</u>		<u>\$ -</u>	

Information on outstanding options as of December 31, 2024 and 2023 is as follows:

	December 31	
	2024	2023
Range of exercise price (NT\$)	\$18.3-\$24.8	\$19.1-\$25.9
Weighted-average remaining contractual life (in years)	0.02-1.8 years	1.02-2.8 years

Options granted in January 2020 and October 2021 were priced using the binomial option pricing model and the inputs to the model are as follows:

	October 2021	January 2020
Grant-date share price (NT\$)	\$31.15	\$25.50
Exercise price (NT\$)	\$31.15	\$25.50
Expected volatility	35.36%	34.08%
Expected life (in years)	5 years	5 years
Risk-free interest rate	0.3947%	0.5526%

Expected volatility was based on the historical share price volatility over the past year. To allow for the effects of early exercise, the Company assumed that employees would exercise their options after the vesting date when the share price was higher than the exercise price.

Compensation costs recognized were \$2,195 thousand and \$6,585 thousand for the years ended December 31, 2024 and 2023, respectively.

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risk associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Except for financial instruments measured at fair value, the management believes the carrying amounts of financial assets and financial liabilities recognized in the parent company only financial statements which are not measured at fair value approximate their fair values.

b. Fair value of financial instruments measured at fair value

1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 211,828	\$ -	\$ -	\$ 211,828
Domestic corporate bonds	128,803	-	-	128,803
Foreign corporate bonds	<u>628,586</u>	<u>-</u>	<u>-</u>	<u>628,586</u>
	<u>\$ 969,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 969,217</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic investments - listed shares and emerging market shares	<u>\$ 70,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,700</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 23,642	\$ -	\$ -	\$ 23,642
Domestic corporate bonds	128,474	-	-	128,474
Foreign corporate bonds	<u>292,477</u>	<u>-</u>	<u>-</u>	<u>292,477</u>
	<u>\$ 444,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444,593</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic investments - listed shares and emerging market shares	\$ 57,300	\$ -	\$ -	\$ 57,300
Domestic investments - unlisted shares	<u>-</u>	<u>2,390</u>	<u>-</u>	<u>2,390</u>
	<u>\$ 57,300</u>	<u>\$ 2,390</u>	<u>\$ -</u>	<u>\$ 59,690</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Unlisted equity securities - ROC	Based on market observations, economic trends and industry characteristics, value multipliers that are highly relevant to the target are used as inputs for fair value calculation.

c. Categories of financial instruments

	<u>December 31</u>	
	2024	2023
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 969,217	\$ 444,593
Financial assets at amortized cost (1)	2,457,831	2,531,677
Financial assets at FVTOCI		
Equity instruments	70,700	59,690
<u>Financial liabilities</u>		
Amortized cost (2)	519,623	557,874

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable and trade receivables, refundable deposits and restricted asset.

2) The balances include financial liabilities measured at amortized cost, which comprise notes payable, and trade payables, other payables and lease liabilities.

d. Financial risk management objectives and policies

The Company's major financial instruments include trade receivables and trade payables. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and other prices (see (b) below).

The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency and interest rate risk, including foreign exchange forward contracts to hedge the exchange rate risks arising from the export of commodities to other place or the receipt of foreign currencies.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

The Company uses foreign exchange forward contracts to reduce foreign currency risk. It is the Company's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 31.

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 10% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 10%. A positive (negative) number indicates an increase (decrease) in pre-tax profit associated with the New Taiwan dollar weakening (strengthening) 10% against the relevant foreign currencies. Conversely, there would be an equal and opposite impact on pre-tax profit for a 10% strengthening (weakening) of the New Taiwan dollar against the relevant foreign currencies.

	USD Impact		EUR Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2024	2023	2024	2023
Profit or loss	\$ 115,778 (i)	\$ 220,328 (i)	\$ 68,181 (ii)	\$ - (ii)

i. This was mainly attributable to the exposure on outstanding USD bank deposits, and receivables and payables which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure on outstanding EUR bank deposits, which were not hedged at the end of the reporting period.

b) Other price risk

The Company was exposed to equity price risk and commodity price risk through its investments in equity securities and mutual funds. The Company manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 10% higher/lower, pre-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by \$96,922 thousand and \$44,459 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2024 and 2023 would have increased/decreased by \$7,070 thousand and \$5,969 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Company's sensitivity to investments in equity securities has not changed significantly from the prior year.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

- b) The amount of contingent liabilities arising from the financial guarantee provided by the Company.

The Company adopts a policy of only dealing with creditworthy objects and obtaining sufficient guarantees where necessary to mitigate the risk of financial loss due to default. The Company uses publicly available financial information and transaction records to rate key customers. The Company continues to monitor the credit risk and the credit rating of the counterparty, and distributes the total transaction amount to customers with qualified credit ratings, and controls the credit risk through the annual review and approval of the credit limit of the counterparty.

In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance has been made for irrecoverable amounts.

Ongoing credit evaluation is performed on the financial condition of trade receivables. Credit insurance will be purchased if necessary.

Apart from Company A, the largest customer, the Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Company's credit risk was mainly concentrated on their largest customer, Customer A. As of December 31, 2024 and 2023, the proportion of total trade receivables - non-related parties from Customer A was 26% and 28%, respectively.

3) Liquidity risk

The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. Specifically, the maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 126,160	\$ 93,248	\$ -	\$ -	\$ -
Lease liabilities	<u>2,278</u>	<u>4,559</u>	<u>20,765</u>	<u>118,112</u>	<u>154,501</u>
	<u>\$ 128,438</u>	<u>\$ 97,807</u>	<u>\$ 20,765</u>	<u>\$ 118,112</u>	<u>\$ 154,501</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 27,602</u>	<u>\$118,112</u>	<u>\$119,028</u>	<u>\$ 35,473</u>	<u>\$ -</u>

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 141,610	\$ 89,202	\$ -	\$ -	\$ -
Lease liabilities	<u>2,213</u>	<u>4,432</u>	<u>20,203</u>	<u>115,099</u>	<u>185,115</u>
	<u>\$ 143,823</u>	<u>\$ 93,634</u>	<u>\$ 20,203</u>	<u>\$ 115,099</u>	<u>\$ 185,115</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 26,848</u>	<u>\$115,099</u>	<u>\$136,014</u>	<u>\$ 42,363</u>	<u>\$ 6,738</u>

27. TRANSACTIONS WITH RELATED PARTIES

The Company's parent is Shinkong Synthetic Fibers Corporation (SSFC), which held 48.96% and 56.4% of the ordinary shares of the Company at December 31, 2024 and 2023, respectively. SSFC is also the Company's ultimate parent and ultimate controlling party.

Details of transactions between the Company and related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Shinkong Synthetic Fibers Corporation	The Company's parent
Shinkong Materials Technology Co., Ltd	Related party in substance
Tac Bright Optronics Corp.	Related party in substance
Shinkong International Securities Co., Ltd.	Related party in substance
Taipei Star Bank	Related party in substance
Shin Kong International Leasing Corp.	Related party in substance
Shin Kong Textile Co., Ltd.	Other related party
Shin Kong Life Insurance Co., Ltd	Other related party
Shin Kong Insurance Co., Ltd.	Other related party
Rise Concept Enterprises Limited	Subsidiary
Suzhou UBright Optronics Corp.	Subsidiary

b. Sales of goods

Line Items	Related Party Category/Name	For the Year Ended December 31	
		2024	2023
Sales	Related party in substance/others	\$ <u>1,164</u>	\$ <u>454</u>

The Company's pricing strategy for the sale of goods to related parties is to set the selling prices at rates comparable to market rates. The period of collection of trade receivables from the related parties is 60 days.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Related party in substance/Shinkong Materials Technology Co., Ltd	\$ 73,102	\$ 44,797
Related party in substance/others	12,452	4,558
Other related party/others	<u>168</u>	<u>115</u>
	\$ <u>85,722</u>	\$ <u>49,470</u>

Related party in substance: Prices are determined through negotiations with reference to the market prices, and the payment term is the 20th of the following month after delivery.

d. Other income

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Related party in substance/others	\$ <u>88</u>	\$ <u>65</u>

e. Operating expenses

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
The Company's parent/Shinkong Synthetic Fibers Corporation	\$ 839	\$ 203
Subsidiary/others	10,450	10,437
Related party in substance/others	<u>950</u>	<u>840</u>
	\$ <u>12,239</u>	\$ <u>11,480</u>

f. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2024	2023
Trade receivables	Related party in substance/others	\$ <u>178</u>	\$ <u>34</u>
Other receivables	Subsidiary/others	\$ 582	\$ 567
	Related party in substance/others	<u>8</u>	<u>8</u>
		\$ <u>590</u>	\$ <u>575</u>

The outstanding other receivables from related parties are unsecured. For the years ended December 31, 2024 and 2023, no impairment loss was recognized on trade receivables from related parties.

g. Payables to related parties (excluding borrowings from related parties)

Line Item	Related Party Category/Name	December 31	
		2024	2023
Trade payables	Related party in substance/others	<u>\$ 9,552</u>	<u>\$ 5,121</u>
Other payables	The Company's parent/Shinkong Synthetic Fibers Corporation	\$ 242	\$ 198
	Related party in substance/others	<u>160</u>	<u>140</u>
		<u>\$ 402</u>	<u>\$ 338</u>

The outstanding trade payables to related parties are unsecured.

h. Lease agreements - the Company is the lessee

Line Items	Related Party Categories/Name	For the Year Ended December 31	
		2024	2023
Acquisition of right-of-use assets	Related party in substance/others	<u>\$ -</u>	<u>\$ 1,569</u>

Line Items	Related Party Categories/Name	December 31	
		2024	2023
Lease liabilities	Related party in substance/others	\$ 1,236	\$ 1,544
	Other related party/Shin Kong Textile Co., Ltd.	<u>204,170</u>	<u>224,704</u>
		<u>\$ 205,406</u>	<u>\$ 226,248</u>

	Related Party Category/Name	For the Year Ended December 31	
		2024	2023
Interest expense	Other related party/Shin Kong Textile Co., Ltd.	\$ 2,196	\$ 2,343
	Related party in substance/others	<u>14</u>	<u>1</u>
		<u>\$ 2,210</u>	<u>\$ 2,344</u>
Lease expense	Related party in substance/others	\$ 1,456	\$ 1,515
	Other related party/others	<u>69</u>	<u>40</u>
		<u>\$ 1,525</u>	<u>\$ 1,555</u>

i. Loans to related parties

Related Party Category/Name	December 31	
	2024	2023
Subsidiary/Rise Concept Enterprises Limited	\$ 98,355	\$ 92,115

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Interest revenue		
Subsidiary/Rise Concept Enterprises Limited.	\$ 777	\$ 628

j. Others

Related Party Category/Name	December 31	
	2024	2023
Bank deposits		
Related party in substance/Taipei Star Bank	\$ 108,766	\$ 186,851
Prepayment		
Subsidiary/others	2,646	-
Refundable deposits		
Other related party/Shin Kong Textile Co., Ltd.	4,010	4,010

k. Remuneration of key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 16,091	\$ 13,203
Share-based payments	-	-
	\$ 16,091	\$ 13,203

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been provided as collateral for financing loans under the subsidy plan of the government, and as customs duty guarantees for imported raw materials and performance guarantees provided to the Ministry of Economic Affairs:

	December 31	
	2024	2023
Pledged time deposits (presented in other current assets)	\$ 13,923	\$ 7,300

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2024 and 2023 were as follows:

Letters of credit

Outstanding letters of credit not reflected in the accompanying consolidated financial statements as of December 31, 2024 and 2023 were as follows:

	December 31	
	2024	2023
USD	\$ 3,092	\$ 1,864

30. OTHER ITEMS

On February 15, 2023, the president of the ROC announced the amendments to the “Climate Change Response Act”, which added the provision of carbon fee collection. Subsequently, the Ministry of Environment announced the “Regulations Governing the Collection of Carbon Fees”, “Regulations for Administration of Voluntary Reduction Plans” and “Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees” on August 29, 2024 and the carbon fee rate on October 2024. The fees will be levied starting from January 1, 2025.

Based on the emissions of the Company in 2023, the Company will not meet the aforementioned threshold in 2025 and will not be required to pay the carbon fee in May 2026.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company’s significant financial assets and liabilities denominated in foreign currencies (and aggregated by the foreign currencies) other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 37,377	32.785 (USD:NTD)	\$ 1,225,398
EUR	19,971	34.14 (EUR:NTD)	<u>681,808</u>
			<u>\$ 1,907,206</u>
<u>Financial liabilities</u>			
Monetary items			
USD	2,062	32.785 (USD:NTD)	<u>\$ 67,619</u>

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 75,972	30.705 (USD:NTD)	<u>\$ 2,332,713</u>
<u>Financial liabilities</u>			
Monetary items			
USD	4,215	30.705 (USD:NTD)	<u>\$ 129,429</u>

For the years ended December 31, 2024 and 2023, realized and unrealized net foreign exchange gains (losses) were \$96,609 thousand and \$(4,507) thousand, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (None)

b. Information on investees (Tables 3 and 4)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (Table 6)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

c. Information of major shareholders:

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 7)

TABLE 1

UBRIGHT OPTRONICS CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	UBright Optronics Corporation	Subsidiary: Rise Concept Enterprises Limited	Other receivables from related parties	Yes	\$ 229,845	\$ 114,748	\$ 98,355	0.8	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	Note A	Note B	

Note A: Financing limit for each borrower is 20% of the net value of the lender = \$3,716,348 thousand x 20% = \$743,270 thousand.

Note B: Aggregate financing limit is 40% of the net value of the financing company = \$3,716,348 thousand x 40% = \$1,468,539 thousand.

TABLE 2

UBRIGHT OPTRONICS CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
UBright Optronics Corp.	Mutual funds							
	Nomura Funds Ireland plc - Global Dynamic Bond Fund Class TD USD	None	Financial assets at FVTPL - current	9,867	\$ 24,152	-	\$ 24,152	None
	Yuanta U.S. 20+ Year BBB Corporate Bond ETF	None	Financial assets at FVTPL - current	2,690,000	95,307	-	95,307	None
	Yuanta US 20+ Year AAA-A Corporate Bond ETF	None	Financial assets at FVTPL - current	2,732,000	92,369	-	92,369	None
	Domestic corporate bonds							
	Cathay Life Insurance subordinated debenture	None	Financial assets at FVTPL - current	50,000	50,003	-	50,003	None
	Taipei Star Bank Subordinated Perpetual Bonds	Related party in substance	Financial assets at FVTPL - current	80,000	78,800	-	78,800	None
	Foreign corporate bonds							
	Standard Chartered (a)	None	Financial assets at FVTPL - current	200,000	6,537	-	6,537	None
	BNP Paribas (a)	None	Financial assets at FVTPL - current	400,000	13,062	-	13,062	None
	BNP Paribas (b)	None	Financial assets at FVTPL - current	450,000	14,694	-	14,694	None
	Standard Chartered (b)	None	Financial assets at FVTPL - current	430,000	14,056	-	14,056	None
	ABN AMRO	None	Financial assets at FVTPL - current	840,000	27,650	-	27,650	None
	Standard Chartered (c)	None	Financial assets at FVTPL - current	430,000	14,056	-	14,056	None
	TSMC Arizona USD corporate bonds	None	Financial assets at FVTPL - current	1,750,000	54,735	-	54,735	None
	Morgan Chase USD corporate bonds	None	Financial assets at FVTPL - current	1,750,000	57,775	-	57,775	None
	UBS Group AG USD corporate bonds	None	Financial assets at FVTPL - current	1,750,000	57,603	-	57,603	None
	Mizuho Financial USD corporate bonds (a)	None	Financial assets at FVTPL - current	1,000,000	32,457	-	32,457	None
	Mizuho Financial USD corporate bonds (b)	None	Financial assets at FVTPL - current	750,000	24,466	-	24,466	None
	Bank of America Corp.	None	Financial assets at FVTPL - current	1,250,000	42,334	-	42,334	None
	Credit Agricole SA	None	Financial assets at FVTPL - current	1,250,000	42,743	-	42,743	None
	Sumitomo Mitsui Financial Group, Inc. Bond	None	Financial assets at FVTPL - current	1,250,000	34,768	-	34,768	None
	America Express Co.	None	Financial assets at FVTPL - current	1,250,000	41,719	-	41,719	None
	Shinhan Card Co., Ltd	None	Financial assets at FVTPL - current	200,000	6,268	-	6,268	None
	NVIDIA Corp.	None	Financial assets at FVTPL - current	1,000,000	27,441	-	27,441	None
	Amazon.com, Inc.	None	Financial assets at FVTPL - current	1,000,000	33,014	-	33,014	None
	Societe Generale	None	Financial assets at FVTPL - current	1,000,000	33,047	-	33,047	None
	Alphabet Inc. Bond	None	Financial assets at FVTPL - current	1,000,000	21,802	-	21,802	None
	Saudi Arabian Oil Co.	None	Financial assets at FVTPL - current	1,000,000	28,359	-	28,359	None
	Shares							
	Shin Kong Financial Holding Co., Ltd. Preferred Stock B	Related party of the Company's chairman	Financial assets at FVTOCI - non-current	2,000,000	70,700	-	70,700	None
	OMVO TECHNOLOGY INC.	None	Financial assets at FVTOCI - non-current	253,450	-	11.56	-	None

TABLE 3

UBRIGHT OPTRONICS CORPORATION

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
UBright Optronics Corporation	Rise Concept Enterprises Limited	Hong Kong	Investment	\$ 7,695	\$ 7,695	Note	100	\$ (36,383)	\$ (2,880)	\$ (2,880)	

Note: This is a limited company, the proportion of ownership is calculated based on the amount of capital contribution.

TABLE 4

UBRIGHT OPTRONICS CORPORATION

MARKETABLE SECURITIES HELD BY THE INVESTEEs OVER WHICH THE COMPANY HAS CONTROL
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Rise Concept Enterprises Limited	<u>Shares</u>							
	T-E Pharma Holding, Inc.	None	Financial assets at FVTOCI - non-current	3,750,000	\$ 45,263	1.41	\$ 45,263	None
	T-E Meds Holding, Inc.	None	Financial assets at FVTOCI - non-current	1,500,000	16,440	0.70	16,440	None

TABLE 5

UBRIGHT OPTRONICS CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, In Thousands of Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outflow	Inflow							
Suzhou UBright Optronics Corp.	Brightness enhancement film cutting process	\$ 4,471 (RMB 1,000)	Investments through subsidiary Rise Concept Enterprises Ltd.	\$ 4,471 (RMB 1,000)	\$ -	\$ -	\$ 4,471 (RMB 1,000)	\$ (2,542)	100.00	\$ (2,542)	\$ (593)	\$ -	

Note: Suzhou UBright Optronics Corp. was established by Rise Concept Enterprises Limited.

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$4,471	\$4,471	\$2,229,809

TABLE 6

UBRIGHT OPTRONICS CORPORATION

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Relationship	Transaction Type	Amount	Transaction Details			Notes/Accounts Receivable (Payable)(Note B)		Unrealized (Gain) Loss
				Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Ubright Optronics Corporation Suzhou Ubright Optronics Corporation	Substantive related party	Professional service fee	\$ 10,450	Note A	Note A	Note A	\$ -	-	\$ -

Note A: Professional service fee: According to the specifications set by both parties in the contract, the current estimated processing amount is prepaid on a quarterly basis, and then offset against the actual processing cost at the end of the month.

Note B: Financing provided to an investee company in mainland China, either directly or indirectly through a third party: None.

TABLE 7**UBRIGHT OPTRONICS CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Shinkong Synthetic Fibers Corporation	40,079,828	48.96

UBRIGHT OPTRONICS CORPORATION

THE CONTENTS OF PARENT COMPANY ONLY STATEMENTS OF MAJOR ACCOUNTING ITEMS

<u>Item</u>	<u>Statement Index</u>
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of financial assets at fair value through profit or loss - current	Note 7
Statement of financial assets at fair value through other comprehensive income - non-current	Note 8
Statement of financial assets at amortized cost - current	Note 9
Statement of trade receivables	2
Statement of inventories	3
Statement of other current assets	4
Statement of changes in investments accounted for using the equity method	5
Statement of changes in property, plant and equipment	Note 13
Statement of changes in accumulated depreciation of property, plant and equipment	Note 13
Statement of changes in right-of-use assets	6
Statement of changes in accumulated depreciation of right-of-use assets	7
Statement of changes in other intangible assets	Note 15
Statement of deferred income tax assets	Note 22
Statement of other non-current assets	8
Statement of trade payables	9
Statement of other payables	10
Statement of other current liabilities	11
Statement of lease liabilities	12
Statement of deferred income tax liabilities	Note 22
Major Accounting Items in Profit or Loss	
Statement of operating revenue	13
Statement of cost of goods sold	14
Statement of manufacturing expenses	15
Statement of operating expenses	16
Statement of other income and expenses	Note 21
Statement of financial costs	Note 21
Statement of labor, depreciation and amortization by function	17

UBRIGHT OPTRONICS CORPORATION**PARENT COMPANY ONLY STATEMENT OF CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Petty cash		\$ 150
Checking accounts	Taishin International Bank, etc.	14,490
Cash deposits	Shin Kong Bank Co., Ltd., etc.	279,743
Time deposits	Yuanta Commercial Bank Co., Ltd. and Taipei Star Bank, etc.	640,130
Foreign currency deposits	US\$4,664 thousand @ exchange rate of 32.785	<u>834,721</u>
	EUR19,971 thousand @ exchange rate of 34.14	
		<u>\$ 1,769,234</u>

UBRIGHT OPTRONICS CORPORATION**PARENT COMPANY ONLY STATEMENT OF TRADE RECEIVABLES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount
Non-related party		
Company A	Payment of goods	\$ 146,054
Company B	Payment of goods	127,235
Company C	Payment of goods	95,683
Company D	Payment of goods	72,496
Company E	Payment of goods	51,632
Others (Note)		65,326
Less: Allowance for impairment loss		<u>26,500</u>
		<u>531,926</u>
Related party		
Tac Bright Optronics Corp.		167
Shinkong Polyester Film Corp., Ltd.		<u>11</u>
		<u>178</u>
		<u>\$ 532,104</u>

Note: The amounts from individual clients included in “Others” each did not exceed 5% of the account balance.

UBRIGHT OPTRONICS CORPORATION**PARENT COMPANY ONLY STATEMENT OF INVENTORIES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	
		Cost	Fair Value (Note)
Raw materials		\$ 303,082	\$ 209,344
Materials		15,550	12,882
Semi-finished goods		213,039	175,134
Finished goods	Brightness enhancement film	<u>42,665</u>	<u>36,320</u>
		574,336	<u>\$ 433,680</u>
Less: Write-down of inventories and slow-moving inventories		<u>140,656</u>	
		<u>\$ 433,680</u>	

Note: Inventories are measured at the lower of cost and net realizable value, and the Company inspects the inventories on an item-by-item basis.

UBRIGHT OPTRONICS CORPORATION**PARENT COMPANY ONLY STATEMENT OF OTHER CURRENT ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Temporary payments	Temporary payments for traveling expenses, etc.	\$ 508
Other receivables	Interest receivables, etc.	23,575
Other receivables from related parties	Financing provided to subsidiary, etc.	98,937
Other financial assets	Pledged time deposits, etc.	13,923
Net input VAT		3,167
Prepayment for purchases	Prepaid purchase deposit	27,530
Prepayment	Prepaid insurance fee, etc.	<u>5,036</u>
		<u>\$ 172,676</u>

UBRIGHT OPTRONICS CORPORATION

PARENT COMPANY ONLY FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Name of Investee Company	Balance, January 1, 2024		Increase in the Current Year		Decrease in the Current Year		Investment Gain (Loss)	Accumulated Exchange Differences on Translating Foreign Operations	Balance, December 31, 2024			Market Price or Net Asset Value Total Value	Collateral
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount			Number of Shares	%	Amount		
Rise Concept Enterprises Limited (Note)	1	\$ (10,005)	-	<u>\$ -</u>	-	<u>\$ 22,079</u>	<u>\$ (2,880)</u>	<u>\$ (1,419)</u>	1	100	\$ (36,383)	<u><u>\$ (36,383)</u></u>	None
Add: Investment accounted for using the equity method transferred to non-current liabilities		<u>10,005</u>									<u>36,383</u>		
		<u>\$ -</u>									<u>\$ -</u>		

Note: Decrease in the current year is due to the share of other comprehensive income of \$22,079 thousand of subsidiaries accounted for using the equity method.

UBRIGHT OPTRONICS CORPORATION

PARENT COMPANY ONLY STATEMENT OF RIGHT-OF-USE ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2024
 (In Thousands of New Taiwan Dollars)

Item	Land	Machinery Equipment	Transportation Equipment	Office Equipment	Total
Balance at January 1, 2024	\$ 436,571	\$ 326	\$ 1,569	\$ 744	\$ 439,210
Additions	-	-	-	-	-
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 436,571</u>	<u>\$ 326</u>	<u>\$ 1,569</u>	<u>\$ 744</u>	<u>\$ 439,210</u>

UBRIGHT OPTRONICS CORPORATION

PARENT COMPANY ONLY STATEMENT OF ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2024
 (In Thousands of New Taiwan Dollars)

Item	Land	Machinery Equipment	Transportation Equipment	Office Equipment	Total
Balance at January 1, 2024	\$ 133,794	\$ 214	\$ 26	\$ 178	\$ 134,212
Additions	27,885	58	314	149	28,406
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 161,679</u>	<u>\$ 272</u>	<u>\$ 340</u>	<u>\$ 327</u>	<u>\$ 162,618</u>

UBRIGHT OPTRONICS CORPORATION

**PARENT COMPANY ONLY STATEMENT OF OTHER NON-CURRENT ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Prepayments for equipment		\$ 27,308
Others	Net defined benefit assets	<u>2,805</u>
		<u>\$ 30,113</u>

UBRIGHT OPTRONICS CORPORATION**PARENT COMPANY ONLY STATEMENT OF TRADE PAYABLES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Client Name	Amount
Payable for good		
Accounts payable to related parties	Shinkong Polyester Film Corp., Ltd.	\$ 9,547
	Tac Bright Optronics Corp.	5
Accounts payable to unrelated parties	Company A	36,470
	Company B	35,492
	Company C	10,095
	Others (Note)	<u>65,236</u>
		<u>\$ 156,845</u>

Note: The amount from each individual vendor in “Others” did not exceed 5% of the account balance.

UBRIGHT OPTRONICS CORPORATION

**PARENT COMPANY ONLY STATEMENT OF OTHER PAYABLES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Payables for salaries or bonuses	Salaries, bonuses, etc.	\$ 217,524
Others		<u>62,563</u>
		<u>\$ 280,087</u>

UBRIGHT OPTRONICS CORPORATION

**PARENT COMPANY ONLY STATEMENT OF OTHER CURRENT LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Receipts under custody	Withholding of taxes, labor and health insurance, etc.	\$ 1,498
Temporary receipts		120
Advance receipts		<u>10,390</u>
		<u>\$ 12,008</u>

UBRIGHT OPTRONICS CORPORATION**PARENT COMPANY ONLY STATEMENT OF LEASE LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Lease Term	Discount Rate (%)	Balance, End of Year
Land	2019.01-2039.12	1	\$ 298,502
Machinery equipment	2020.05-2025.11	1	55
Transportation equipment	2023.12-2028.11	1	1,236
Office equipment	2020.08-2028.01	1	<u>422</u>
			300,215
Less: Transfers to lease liabilities - current			<u>(27,602)</u>
			<u>\$ 272,613</u>

UBRIGHT OPTRONICS CORPORATION

**PARENT COMPANY ONLY STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Sales revenue	Brightness enhancement film	\$ 3,035,630
Less: Sales allowances		(98,002)
Less: Sales returns		<u>(851)</u>
		<u>\$ 2,936,777</u>

UBRIGHT OPTRONICS CORPORATION

PARENT COMPANY ONLY STATEMENT OF COST OF GOODS SOLD
 FOR THE YEAR ENDED DECEMBER 31, 2024
 (In Thousands of New Taiwan Dollars)

Item	Amount
1. Raw materials	
Balance, beginning of the year	\$ 302,485
Add: Raw materials purchased	1,429,118
Less: Raw materials transferred to other segments	111,395
Raw materials, end of the year	<u>303,082</u>
Total raw materials used for the year	<u>1,317,126</u>
2. Materials	
Balance, beginning of the year	12,786
Add: Materials purchased	128,676
Less: Materials transferred to other segments	36,675
Materials, end of the year	<u>15,550</u>
Total materials used for the year	<u>89,237</u>
3. Direct labor	168,698
4. Manufacturing expenses	<u>472,642</u>
5. Manufacturing cost	2,047,703
6. Add: Work in process and semi-finished goods, beginning of the year	-
Work in process and semi-finished goods work in progress	2,192
Less: Work in process and semi-finished goods, end of the year	<u>-</u>
7. Cost of work in process	2,049,895
8. Add: Semi-finished good, beginning of the year	249,863
Materials purchased	20
Less: Semi-finished good, end of the year	213,039
Transfer to other segments	<u>26,660</u>
9. Cost of finished goods	2,060,079
10. Add: Finished goods, beginning of the year	35,995
Less: Finished goods, end of the year	42,665
Transferred to other segments	<u>19,219</u>
	2,034,190
11. Loss due to market price decline and obsolete and slow-moving inventories	(1,903)
12. Revenue from sale of scraps	<u>(4,790)</u>
	<u>\$ 2,027,497</u>

UBRIGHT OPTRONICS CORPORATION

**PARENT COMPANY ONLY STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Manufacturing Expense	Total
Salary	\$ 220,336
Rental	1,577
Stationery	185
Travel	101
Shipping	542
Postage	96
Repair and maintenance	26,196
Utilities	92,871
Insurance	19,709
Taxes	2,731
Entertainment	28
Depreciation	63,784
Amortization	760
Meals	7,427
Research	510
Contractor labor cost	3,984
Other	<u>31,805</u>
	<u>\$ 472,642</u>

UBRIGHT OPTRONICS CORPORATION

PARENT COMPANY ONLY STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Operating Expense	Selling Expense	General and Administrative Expense	Research and Development Expenses	Total
Payroll and related items	\$ 23,683	\$ 49,042	\$ 57,419	\$ 130,144
Rental	290	4,134	34	4,458
Stationery	7	163	88	258
Traveling	1,891	7,070	984	9,945
Shipping	3,114	-	96	3,210
Postage	193	516	40	749
Repairs and maintenance	-	1,432	177	1,609
Advertisement expenses	5,083	120	-	5,203
Utilities	-	256	3	259
Insurance	2,687	2,872	3,734	9,293
Entertainment	716	876	17	1,609
Donations	300	-	1	301
Depreciation	321	4,733	13,645	18,699
Amortization	-	1,185	-	1,185
Meals	583	1,181	1,626	3,390
Employee benefits	2	2,899	20	2,921
Training	-	130	56	186
Import and export	36,024	-	-	36,024
Internet	35	1,907	-	1,942
Research	-	-	16,121	16,121
Supplies	-	-	156,931	156,931
Other	18,581	22,719	7,260	48,560
	<u>\$ 93,510</u>	<u>\$ 101,235</u>	<u>\$ 258,252</u>	452,997
Expected credit losses				<u>(7,931)</u>
				<u>\$ 445,066</u>

UBRIGHT OPTRONICS CORPORATION

PARENT COMPANY ONLY STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

Classified By Function Classified By Nature	For the Year Ended December 31					
	2024			2023		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Labor cost (Note)						
Salaries and bonuses	\$ 357,625	\$ 124,616	\$ 482,241	\$ 300,103	\$ 105,448	\$ 405,551
Labor and health insurance	32,488	7,955	40,443	29,355	6,423	35,778
Pension	12,359	4,378	16,737	10,995	3,033	14,028
Board compensation	-	1,150	1,150	-	1,355	1,355
Others	11,650	6,497	18,147	9,558	5,198	14,756
Depreciation expenses	63,784	18,699	82,483	110,388	13,481	123,869
Amortization expense	760	1,112	1,872	338	1,000	1,338

Note:

1. For the years ended December 31, 2024 and 2023, the Company had an average of 544 and 521 employees, respectively, which included 8 non-employee directors for both years.
2. Average labor cost for the years ended December 31, 2024 and 2023 was \$1,040 thousand and \$916 thousand, respectively.
3. Average salaries and bonuses for the years ended December 31, 2024 and 2023 were \$890 thousand and \$791 thousand, respectively.
4. Average salaries and bonuses decreased by 13% year over year.
5. For the years ended December 31, 2024 and 2023, the Company did not have any supervisors.

The Company's compensation of employees mainly consisted of the basic salary (including salary, meal allowance, overtime pay, etc.), incentives for meeting the sales target, year-end bonus and performance bonus, etc.

1. Remuneration and compensation policies are as follows:
 - a. Formulate salary payment standards with reference to the labor market, industry, regional market conditions, and in accordance with the Company's organizational structure. It will be regularly reviewed and adjusted based on the Company's operating results, price index, market wage dynamics, government regulations, etc.
 - b. Remuneration and compensation of employees are based on their qualifications, professional knowledge and skills, years of experience and personal performance, regardless of age, gender, race, religion, political affiliation, marital status, or trade union affiliation.
 - c. The starting salary standards for foreign employees and employees with no work experience are in compliance with the requirements of government laws and regulations.
 - d. Bonuses are distributed based on the Company's operating results and employees' personal performance.

(Continued)

2. Policies and procedures on the determination of employees' compensation and remuneration of managers

- a. The percentage or scope of employees' compensation stated in the articles of association: If the Company makes a profit in the year, it shall allocate not less than 1% as employees' compensation. However, if the Company has accumulated losses, it should retain the amount of compensation in advance, and then allocate employees' compensation (including directors and managers) according to the aforementioned proportion, and report the distribution status to the shareholders' meeting.
- b. The remuneration policy of the general manager, deputy general manager and managers is based on the Company's business strategy, profit status, performance and job contribution, with reference to the market salary level. The remuneration committee shall make recommendations and implement the policies after receiving approval is from the board of directors.

The Company's bonus is mainly for motivating employees to improve their work performance. According to the annual key performance indicators (KPIs) set by the Company, including production, business and other business performance targets, rewards, year-end bonuses and performance bonuses are given based on the personal performance of employees and the Company's profit status.

(Concluded)