TAIFLEX SCIENTIFIC COMPANY LIMITED
AND SUBSIDIARIES

Consolidated Financial Statements for the Years Ended December 31, 2024 and 2023 and Independent Auditors' Report

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Notice to Readers

The English consolidated financial statements are not reviewed nor audited by independent auditors. They have been translated into English from the original Chinese version which are audited by independent auditors. 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 version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Taiflex Scientific Company Limited as of and for the year ended December 31, 2024, under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Therefore, Taiflex Scientific Company Limited does not prepare a separate set of combined financial statements.

Very truly yours,

Taiflex Scientific Company Limited

By

Ta-Wen Sun

Chairperson

February 26, 2025

Independent Auditors' Report

To Taiflex Scientific Co., Ltd.

Audit opinion

We have audited the consolidated balance sheets of Taiflex Scientific Co., Ltd. and its subsidiaries (hereinafter referred to as "Taiflex Group") as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to consolidated financial statements (including a summary on significant accounting policies).

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial status of Taiflex Group as of December 31, 2024 and 2023, and its consolidated financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for audit opinion

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

Key audit matters

Key audit matters are ones that were of most significance in our audit of the consolidated financial statements of Taiflex Group for the year ended December 31, 2024 based on our professional judgment. These matters have been covered during the audit of the overall consolidated financial statements and in forming the audit opinion. We will not express a separate opinion on these matters. Key audit matters to be communicated on the independent auditors' report are stated as follows:

1. Impairment of receivables

   Net receivables generated from the selling of flexible copper-clad laminate and cover-layer amounted to NT$3,783,834 thousand and accounted for 26% of Taiflex Group's consolidated total assets as of December 31, 2024. Hence, it was considered a material item to the Group. Loss allowance for receivables was measured at an amount equal to lifetime expected credit losses. As the measurement of expected credit losses involved judgment, analysis and estimation and the outcome would affect the net receivables, the impairment of receivables was identified as a key audit matter.

Our audit procedures included, but not limited to, the assessment on the appropriateness of expected credit loss rate for receivables, i.e., tests on the effectiveness of internal control established by the management for receivables, random selection of customers for receivable confirmations, and verification of subsequent collections, in order to assess the recoverability of receivables. We tested the accuracy of aging, analyzed changes in aging, and assessed the reasonableness of receivables with longer collection terms.

We also considered the appropriateness of disclosures on receivables and associated risks in Notes 5 and 6 to the consolidated financial statements.

2. Inventory valuation

As of December 31, 2024, net inventories of flexible copper-clad laminate and cover-layer amounted to NT$1,652,327 thousand; thus, it was a significant item to Taiflex Group. Due to uncertainties arising from rapid changes in product technologies, allowance for inventory obsolescence and valuation losses involved significant judgment of management. Hence, it was considered a key audit item.

Our audit procedures included, but not limited to, tests on the effectiveness of internal control established by the management for inventories, such as cost carryover of inventories, assessment on inventory status, evaluation on management's stocktaking plans, and on-site observation of stocktaking at major warehouses to ensure the quantities and conditions of inventories. We assessed the accuracy of inventory aging, analyzed movements in inventory aging, and considered the expected demand and market value of inventories. We evaluated management's analyses and assessments on obsolete inventories, including the estimations on the possibility of inventory realization and net realizable value, and tested whether the allowance for writing down inventories to their net realizable value was adequate.

We also considered the appropriateness of disclosures on inventories in Notes 5 and 6 to the consolidated financial statements.

Responsibilities of management and those charged with governance for the consolidated financial statements

The responsibilities of management are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRICs, and SICs endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and maintain necessary internal controls associated with the preparation in order to ensure the financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, management is also responsible for assessing the ability of Taiflex Group in continuing as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease its operations, or has no realistic alternative but to do so.

Those charged with governance of Taiflex Group (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If those amounts of misstatements, either individually or in the aggregate, could reasonably be expected to influence the economic decisions of financial statements users, they are considered material.

We have exercised professional judgment and professional skepticism when carrying out auditing work according to the auditing standards. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the consolidated financial statements; design and execute appropriate counter-measures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.

2. Understand internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Taiflex Group's internal control.

3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.

4. Based on the audit evidence obtained, we conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on Taiflex Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in the notes to those statements within our audit report. If such disclosures are inadequate, we need 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 result in Taiflex Group ceasing to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately represent the underlying transactions and events.

6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within Taiflex Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit and the preparation of an audit opinion on the Group.

Matters communicated between us and the governance bodies include the planned scope and timing of the audit, and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provide governance bodies with a declaration that we have complied with the Norm regarding independence, and to communicate with them all relationships and other matters that may possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with governance bodies, we determine the key audit matters within the audit of Taiflex Group's consolidated financial statements for the year ended December 31, 2024. We have clearly indicated such matters in the independent auditors' report, unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the independent auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Others

Taiflex Scientific Co., Ltd. has also prepared parent company only financial statements for the years ended December 31, 2024 and 2023, which we had audited and issued an unqualified opinion.

Ernst & Young, Taiwan

February 26, 2025

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2024	December 31, 2023
Current assets			
Cash and cash equivalents	4, 6(1)	$ $2,889,347	$ 1,965,421
Financial assets at fair value through profit or loss - current	4, 6(2)	32,401	32,713
Financial assets at amortized cost - current	4, 6(3)	200,000	-
Notes receivable, net	4, 6(4)	627,810	720,982
Accounts receivable, net	4, 6(5)	3,156,024	3,095,035
Other receivables	7	97,983	52,913
Inventories, net	4, 6(6)	1,652,327	1,409,726
Prepayments		71,131	48,981
Other current assets	8	49,221	48,789
Total current assets		8,776,244	7,374,560
Non-current assets			
Financial assets at fair value through other comprehensive income - non-current	4, 6(7)	436,144	426,661
Investments accounted for using the equity method	4, 6(8)	10,252	15,152
Property, plant and equipment	4, 6(9)	4,725,152	4,529,075
Right-of-use assets	4, 6(21)	285,140	363,168
Intangible assets	4, 6(10,11)	142,075	151,100
Deferred income tax assets	4, 6(24)	135,495	157,049
Other non-current assets		16,989	14,697
Total non-current assets		5,751,247	5,656,902
Total assets		$ 14,527,491	$ 13,031,462

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

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS-(Continued)
December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2024	December 31, 2023
Current liabilities			
Short-term loans	6(12)	$ 343,783	$ 218,859
Financial liabilities at fair value through profit or loss - current	4, 6(13)	2,254	1,570
Contract liabilities - current	4, 6(19)	1,156	1,473
Notes payable		41,761	18,578
Accounts payable		1,332,192	1,042,424
Other payables	7	817,028	652,002
Current income tax liabilities	4, 6(24)	245,002	216,706
Lease liabilities - current	4, 6(21)	18,759	19,775
Current portion of bonds	6(14)	-	1,891,501
Current portion of long-term loans	6(15)	19,497	36,457
Other current liabilities		4,493	3,890
Total current liabilities		2,825,925	4,103,235
Non-current liabilities			
Bonds payable	6(14)	245,543	-
Long-term loans	6(15)	324,836	345,524
Deferred income tax liabilities	4, 6(24)	148,006	118,076
Lease liabilities - non-current	4, 6(21)	200,916	247,359
Net defined benefit liabilities - non-current	4, 6(16)	114,999	132,642
Other non-current liabilities	4, 12	1,741	15,999
Total non-current liabilities		1,036,041	859,600
Total liabilities		3,861,966	4,962,835
Equity attributable to shareholders of the parent			
Capital	6(17)		
Common stock		2,549,117	2,091,197
Capital collected in advance		13,653	-
Total capital		2,562,770	2,091,197
Capital surplus	6(17)	2,322,316	1,026,197
Retained earnings			
Legal reserve		1,208,439	1,163,891
Special reserve		164,692	310,176
Unappropriated earnings		4,211,013	3,560,533
Total retained earnings		5,584,144	5,034,600
Others	4	174,798	(164,692)
Total equity attributable to shareholders of the parent		10,644,028	7,987,302
Non-controlling interests	4, 6(17)	21,497	81,325
Total equity		10,665,525	8,068,627
Total liabilities and equity		$ 14,527,491	$ 13,031,462

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

(Concluded)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

	Notes	2024	2023
Operating revenue	4, 6(19)	$ 9,938,135	$ 8,150,519
Operating costs	4, 6(6,22)	(7,800,358)	(6,359,012)
Gross profit		2,137,777	1,791,507
Operating expenses	4, 6(22)		
Sales and marketing expenses		(503,523)	(455,450)
General and administrative expenses		(548,778)	(478,979)
Research and development expenses		(394,321)	(366,518)
Expected credit loss	6(20)	(28,434)	(2,962)
Total operating expenses		(1,475,056)	(1,303,909)
Operating income		662,721	487,598
Non-operating income and expenses	6(23)		
Interest income		36,731	27,568
Other income		26,168	47,126
Other gains and losses		38,405	(36,355)
Finance costs		(31,345)	(32,456)
Expected credit loss	6(20)	(29,571)	-
Share of profit or loss of associates accounted for using the equity method	4, 6(8)	(2,109)	(11,162)
Total non-operating income and expenses		38,279	(5,279)
Income before income tax		701,000	482,319
Income tax expense	4, 6(24)	(168,512)	(121,596)
Net income from continuing operations		532,488	360,723
Net income		532,488	360,723
Other comprehensive income (loss)	6(23)		
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan		21,643	28,134
Unrealized gain on investments in equity instruments at fair value through other comprehensive income		465,128	170,972
Income tax related to items that will not be reclassified subsequently		(4,329)	(5,626)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		159,930	(32,443)
Income tax related to items that may be reclassified subsequently to profit or loss		(31,974)	6,488
Total other comprehensive income (loss), net of tax		610,398	167,525
Total comprehensive income		$ 1,142,886	$ 528,248
Net income attributable to:	4, 6(17,25)		
Shareholders of the parent		$ 592,776	$ 422,974
Non-controlling interests		(60,288)	(62,251)
		$ 532,488	$ 360,723
Total comprehensive income (loss) attributable to:			
Shareholders of the parent		$ 1,202,714	$ 590,966
Non-controlling interests		(59,828)	(62,718)
		$ 1,142,886	$ 528,248
Earnings per share (NT$)	4, 6(25)		
Earnings per share - basic		$ 2.53	$ 1.93
Earnings per share - diluted		$ 2.32	$ 1.66

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

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent										
	Capital			Retained Earnings			Others				
Item	Common Stock	Capital Collected in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total	Non-Controlling Interests	Total Equity
Balance as of January 1, 2023	$ 2,091,197	$ -	$ 1,140,566	$ 1,089,400	$ 235,996	$ 3,661,049	$ (171,006)	$ (139,170)	$ 7,908,032	$ 144,043	$ 8,052,075
Appropriation and distribution of 2022 earnings											
Legal reserve				74,491		(74,491)			-		-
Special reserve					74,180	(74,180)			-		-
Cash dividends for common stocks						(397,327)			(397,327)		(397,327)
Changes in other capital surplus											
Changes from investments in associates accounted for using the equity method			73						73		73
Cash dividends from capital surplus			(125,472)						(125,472)		(125,472)
Net income for the year ended December 31, 2023						422,974			422,974	(62,251)	360,723
Other comprehensive income (loss) for the year ended December 31, 2023						22,508	(25,488)	170,972	167,992	(467)	167,525
Total comprehensive income	-	-	-	-	-	445,482	(25,488)	170,972	590,966	(62,718)	528,248
Disposal of investments accounted for using the equity method			(3)						(3)		(3)
Share-based payments			11,033						11,033		11,033
Balance as of December 31, 2023	$ 2,091,197	$ -	$ 1,026,197	$ 1,163,891	$ 310,176	$ 3,560,533	$ (196,494)	$ 31,802	$ 7,987,302	$ 81,325	$ 8,068,627
Balance as of January 1, 2024	$ 2,091,197	$ -	$ 1,026,197	$ 1,163,891	$ 310,176	$ 3,560,533	$ (196,494)	$ 31,802	$ 7,987,302	$ 81,325	$ 8,068,627
Appropriation and distribution of 2023 earnings											
Legal reserve				44,548		(44,548)			-		-
Cash dividends for common stocks						(209,120)			(209,120)		(209,120)
Stock dividends for common stocks	104,560					(104,560)			-		-
Reversal of special reserve					(145,484)	145,484			-		-
Conversion of convertible bonds	353,360	13,653	1,288,025						1,655,038		1,655,038
Changes in other capital surplus											
Changes from investments in associates accounted for using the equity method			35						35		35
Net income for the for the year ended December 31, 2024						592,776			592,776	(60,288)	532,488
Other comprehensive income (loss) for the year ended December 31, 2024						17,314	127,496	465,128	609,938	460	610,398
Total comprehensive income	-	-	-	-	-	610,090	127,496	465,128	1,202,714	(59,828)	1,142,886
Disposal of investments accounted for using the equity method			(29)						(29)		(29)
Share-based payments			8,088						8,088		8,088
Disposal of equity instruments at fair value through other comprehensive income						253,134		(253,134)	-		-
Balance as of December 31, 2024	$ 2,549,117	$ 13,653	$ 2,322,316	$ 1,208,439	$ 164,692	$ 4,211,013	$ (68,998)	$ 243,796	$ 10,644,028	$ 21,497	$ 10,665,525

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

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED 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	$ 701,000	$ 482,319
Adjustments:		
Non-cash income and expense items:		
Depreciation	507,744	435,954
Amortization	21,834	23,251
Expected credit loss	58,005	2,962
Net loss (gain) on financial assets (liabilities) at fair value through profit or loss	31,054	(5,345)
Interest expense	31,345	32,456
Interest income	(36,731)	(27,568)
Dividend income	(10,574)	(15,647)
Compensation costs of share-based payments	8,088	11,033
Share of loss of associates accounted for using the equity method	2,109	11,162
Loss on disposal of property, plant and equipment	33,450	308
Gain on disposal of investments accounted for using the equity method	(4,178)	(807)
Impairment loss of non-financial assets	26,228	-
Others	42,595	70,461
Changes in operating assets and liabilities:		
Increase in financial assets mandatorily at fair value through profit or loss	(31,721)	(20,009)
Decrease (increase) in notes receivable	93,172	(18,887)
Increase in accounts receivable	(90,736)	(107,478)
Increase in other receivables	(43,729)	(17,471)
(Increase) decrease in inventories	(285,197)	291,757
Increase in prepayments	(12,481)	(11,009)
Decrease (increase) in other current assets	453	(988)
(Increase) decrease in other non-current assets	(786)	10,361
(Decrease) increase in contract liabilities	(317)	715
Increase in notes payable	23,183	18,176
Increase in accounts payable	289,768	290,055
Increase (decrease) in other payables	167,465	(47,942)
Increase in other current liabilities	603	200
Increase (decrease) in net defined benefit liabilities	4,000	(23,997)
Cash generated from operations	1,525,646	1,384,022
Interest received	35,223	28,997
Dividend received	10,574	15,647
Interest paid	(15,943)	(10,202)
Income tax paid	(134,704)	(146,612)
Net cash generated by operating activities	1,420,796	1,271,852

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

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS-(Continued)
For the Years Ended December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from investing activities:		
Disposal of financial assets at fair value through other comprehensive income	$ 455,645	$ -
Acquisition of financial assets at amortized cost	(200,000)	-
Disposal of financial assets at amortized cost	-	30,743
Disposal of investments accounted for using the equity method	6,975	2,071
Acquisition of property, plant and equipment	(693,200)	(1,015,157)
Disposal of property, plant and equipment	15,591	92
Increase in refundable deposits	(1,988)	(1,525)
Acquisition of intangible assets	(8,057)	(1,210)
Increase in other current assets - other financial assets - current	(885)	-
Decrease in other current assets - other financial assets - current	-	320
Net cash used in investing activities	(425,919)	(984,666)
Cash flows from financing activities:		
Increase in short-term loans	124,924	-
Decrease in short-term loans	-	(36,141)
Increase in long-term loans	-	7,505
Repayment of long-term loans	(37,648)	-
Increase in guarantee deposits received	-	15,744
Decrease in guarantee deposits received	(14,258)	-
Repayment of lease principal	(29,097)	(32,381)
Distribution of cash dividends	(209,120)	(522,799)
Net cash used in financing activities	(165,199)	(568,072)
Effect of exchange rate changes on cash and cash equivalents	94,248	(18,079)
Net increase (decrease) in cash and cash equivalents	923,926	(298,965)
Cash and cash equivalents at beginning of period	1,965,421	2,264,386
Cash and cash equivalents at end of period	$ 2,889,347	$ 1,965,421

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

(Concluded)

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. History and Organization

Taiflex Scientific Company Limited (the "Company") was incorporated in August, 1997. Its main operations consist of manufacturing, research and development, and selling of flexible copper-clad laminate, cover-layer, bonding sheet, stiffener and composite film. Shares of the Company commenced trading on the Taipei Exchange on December 19, 2003 and were listed on the Taiwan Stock Exchange (TWSE) on December 17, 2009.

2. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended December 31, 2024 and 2023 were approved and authorized for issue in the Board of Directors' meeting on February 26, 2025.

3. Newly Issued or Revised Standards and Interpretations

(1) Changes in accounting policies due to first-time adoption of International Financial Reporting Standards

The Group has adopted International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations and SIC interpretations endorsed by the Financial Supervisory Commission (FSC) to take effect for annual periods beginning on January 1, 2024. The first-time adoption of new standards and amendments does not have any material impact on the Group.

(2) As of the date of issuance of the financial statements, the Group has not adopted the following new, revised or amended standards and interpretations issued by the International Accounting Standards Board (IASB) and endorsed by the FSC:

No.	Projects of New or Amended Standards and Interpretations	Effective Date
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025

A. Lack of Exchangeability (Amendments to IAS 21)

The amendments explain the exchangeability and lack of exchangeability between currencies and how to determine the exchange rate as well as additional disclosures required when a currency is not exchangeable.

The aforementioned new, revised or amended standards and interpretations are issued by the IASB and endorsed by the FSC to take effect for annual periods beginning on January 1, 2025. They do not have any material impact on the Group.

(3) As of the date of issuance of the financial statements, the Group has not adopted the following new, revised or amended standards and interpretations issued by the IASB but not yet endorsed by the FSC:

No.	Projects of New or Amended Standards and Interpretations	Effective Date
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by IASB

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

No.	Projects of New or Amended Standards and Interpretations	Effective Date
IFRS 17	Insurance Contracts	January 1, 2023
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Volume 11	Annual Improvements to IFRS Accounting Standards	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	January 1, 2026

A. Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The plan deals with the inconsistency between IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” in relation to the loss of control over a subsidiary that is contributed to an associate or a joint venture. IAS 28 states that when non-monetary assets are contributed in exchange for an interest in an associate or a joint venture, the share of gains or losses shall be eliminated in accordance with the treatments of a downstream transaction. However, IFRS 10 requires a full recognition of gains or losses arising from the loss of control over a subsidiary. The amendments place restrictions on the above-mentioned rules of IAS 28. The gains or losses from the sale or contribution of assets defined as a business under IFRS 3 shall be recognized in full.

The amendments also change IFRS 10 so that gains or losses arising from the sale or contributions of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture are recognized only to the extent of their shares owned by non-investors.

B. IFRS 17 “Insurance Contracts”

The standard provides a comprehensive model for the insurance contracts, including all relevant accounting aspects (the principles of recognition, measurement, presentation and disclosure). The core of IFRS 17 is the General Model where a group of insurance contracts is measured at the sum of fulfilment cash flows and contractual service margin at initial recognition. At the end of each reporting period, the carrying amount of the groups of insurance contracts is the sum of liabilities for remaining coverage and incurred claims.

Besides the General Model, the specific approach for contracts with direct participation features (Variable Fee Approach) and the simplified approach for short-term contracts (Premium Allocation Approach) are also provided.

After the issuance of IFRS 17 in May 2017, amendments were released in 2020 and 2021. Besides deferring the effective date by two years (i.e., from January 1, 2021 to January 1,

2023) and providing additional exemptions in the transitional provisions, these amendments simplify some requirements to lower the implementation cost and revise some requirements to make explanations in certain circumstances easier. The adoption of IFRS 17 will replace the transitional provisions (i.e., IFRS 4 “Insurance Contracts”).

C. IFRS 18 “Presentation and Disclosure in Financial Statements”

The standard will replace IAS 1 “Presentation of Financial Statements.” Major changes are as follows:

(a) Improve the comparability of the income statement

Income and expenses are classified into one of the five categories: operating, investing, financing, income taxes and discontinued operations. The first three categories are new ones to improve the structure of the income statement. Also, all companies are required to provide the new defined subtotals (including operating profit or loss). Through the improved structure of the income statement and newly defined subtotals, investors are given a consistent starting point for analyzing the financial performance of companies, thereby making it easier to perform comparison.

(b) Enhance the transparency of management-defined performance measures

Companies are required to give explanations on company-specific measures (i.e., management-defined performance measures) related to the income statement.

(c) More useful grouping of information in the financial statements

The standard gives guidance on how financial information shall be organized, i.e., whether items shall be presented in the primary financial statements or in the notes. This change is expected to provide more detailed and useful information. The standard also requires companies to provide more transparent operating expense information to assist investors with finding and understanding the information they use.

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

The Standard simplifies the disclosure requirements for subsidiaries without public accountability, and allows eligible subsidiaries to choose whether to apply the Standard.

E. Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

The amendments include:

(a) Clarifying that financial liabilities are derecognized on the settlement date, and explain the accounting treatment for financial liabilities settled via electronic payment before the settlement date.

(b) Clarifying how to assess the cash flow characteristics of financial asset with features linked to environmental, social and governance (ESG) or similar contingent features.

(c) Clarifying the treatment of assets with non-recourse features and contractually linked instruments.

(d) Additional disclosure requirements under IFRS 7 for financial assets or liabilities with contingent features (including ESG-linked features) and equity instruments classified as at fair value through other comprehensive income.

F. Annual Improvements to IFRS Accounting Standards (Volume 11)

(a) Amendments to IFRS 1

The amendments improve the consistency of IFRS 1 with IFRS 9, primarily by providing clearer guidance on hedge accounting for first-time adopters.

(b) Amendments to IFRS 7

The amendments update an obsolete cross-reference concerning the derecognition of gains or losses.

(c) Amendments to implementation guidance of IFRS 7

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

(d) Amendments to IFRS 9

The amendments add cross-references to clarify doubts concerning lessee's derecognition of lease liabilities and the transaction price.

(e) Amendments to IFRS 10

The amendments eliminate the inconsistency between paragraphs B74 and B73 of the Standard.

(f) Amendments to IAS 7

The amendments remove the cost method in paragraph 37 of the Standard.

G. Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

The amendments include:

(a) Clarifying the application of "own-use".

(b) Allowing the adoption of hedge accounting when the contract is used as a hedging instrument.

(c) Introducing additional disclosure requirements to help investors understand the impact of such contracts on a company's financial performance and cash flows.

For the aforementioned standards and interpretations issued by the IASB but not yet endorsed by the FSC, the effective dates are to be determined by the FSC. The potential effects of the new or revised standards or interpretations in paragraphs A and C to G on the Group are under assessment; thus, they cannot be reasonably estimated for now. The adoption of other newly issued or revised standards and interpretations does not have any material impact on the Group.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements for the years ended December 31, 2024 and 2023 have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRIC interpretations and SIC interpretations endorsed and issued into effect by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. Unless otherwise stated, the numbers within are expressed in thousands of New Taiwan dollars.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

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

A. power over the investee (i.e., existing rights that give it the current ability to direct relevant activities of the investee),

B. exposure, or rights, to variable returns from its involvement with the investee, and

C. the ability to use its power over the investee to affect its returns.

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

A. the contractual arrangement with other vote holders of the investee,

B. rights arising from other contractual arrangements, and

C. the voting rights and potential voting rights.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three control elements.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are adjusted to be in line with the accounting policies used by the Group. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests (NCIs) even if this results in a deficit balance of the NCIs.

If the Group loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;

B. derecognizes the carrying amount of any NCI;

C. recognizes the fair value of the consideration received;

D. recognizes the fair value of any investment retained;

E. reclassifies the parent’s share of components previously recognized in other comprehensive income to profit or loss for the period, or transfers directly to retained earnings as required by other IFRSs; and

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

F. recognizes any resulting difference in profit or loss for the period.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main Business	Ownership Percentage	
			2024.12.31	2023.12.31
The Company	Taistar Co., Ltd. (Taistar)	Investment holding	100.00%	100.00%
The Company	Leadmax Ltd. (Leadmax)	Trading of electronic materials	- (Note 1)	100.00%
The Company	Koatech Technology Corporation (Koatech)	Manufacturing and selling of electronic materials and components	52.97%	52.97%
The Company	TFS Co., Ltd. (TFS)	Investment holding	100.00%	100.00%
The Company	Taiflex Scientific Japan Co., Ltd. (Japan Taiflex)	Trading and technical support of electronic materials	100.00%	100.00%
The Company	Taiflex USA Corporation (USA Taiflex)	Technical support and marketing of electronic materials	100.00%	100.00%
The Company	Richstar Co., Ltd. (Richstar)	Investment holding	73.94%	73.94%
The Company	Taichem Materials Co., Ltd. (Taichem Materials)	Manufacturing and selling of semiconductor materials	100.00%	100.00%
The Company	Taiflex Green Power Co., Ltd. (Taiflex Green Power)	Generation and selling of electricity from renewables	100.00%	100.00%
The Company	Taiflex Scientific (Thailand) Co., Ltd. (Thailand Taiflex)	Manufacturing and selling of electronic materials	100.00%	100.00%
Taistar	TSC International Ltd. (TSC)	Investment holding	100.00%	100.00%
TSC	Kunshan Taiflex Electronic Co., Ltd. (Kunshan Taiflex Electronic)	Selling of chemical products, electronic materials and electronic components	100.00%	100.00%
TFS	Richstar Co., Ltd. (Richstar)	Investment holding	26.06%	26.06%
Richstar	Shenzhen Taiflex Electronic Co., Ltd. (Shenzhen Taiflex)	Trading of coating materials for high polymer film and copper foil	100.00%	100.00%
Richstar	Rudong Fuzhan Scientific Co., Ltd. (Rudong Fuzhan)	Manufacturing and selling of electronic materials	100.00%	100.00%
Koatech	KTC Global Co., Ltd. (KTC Global)	Investment holding	100.00%	100.00%
KTC Global	KTC PanAsia Co., Ltd. (KTC PanAsia)	Investment holding	100.00%	100.00%
KTC PanAsia	Kunshan Koatech Technology Corporation (Kunshan Koatech)	A wholesaler and a commission agent of electronic materials and components	100.00%	100.00%

Note 1: Leadmax was liquidated in February 2024.

(4) Foreign currency transactions and translation of financial statements in foreign currencies

The Group’s consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional currency. Each entity of the Group determines its own functional currency and items in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recognized by each entity of the Group at the rates of exchange prevailing at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rates of that date; non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is measured; and non-monetary items measured at historical cost that are denominated in foreign currencies are retranslated using the exchange rates as at the dates of the initial transactions.

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

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

B. Foreign currency items within the scope of IFRS 9 “Financial Instruments” are accounted for based on the accounting policies for financial instruments.

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

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

In the preparation of consolidated financial statements, the assets and liabilities of foreign operations are translated into New Taiwan dollars using the closing rates at the reporting date and income and expense items are translated at the average exchange rates for the period. The exchange differences arising on the translation are recognized in other comprehensive income. Upon disposal of the foreign operations, the cumulative exchange differences recognized in other comprehensive income and accumulated in the separate component of equity are reclassified from equity to profit or loss when recognizing the gain or loss on disposal. The partial disposal involving the loss of control of a subsidiary that includes a foreign operation, and the partial disposal of interests in an associate or a joint arrangement that includes a foreign operation while the retained interests are financial assets that include a foreign operation are accounted for as disposals.

On the partial disposal of a subsidiary that includes a foreign operation while retaining control, the proportionate share of the cumulative exchange differences recognized in other comprehensive income is re-attributed to the NCIs in that foreign operation instead of being recognized in profit or loss. In partial disposal of an associate or a joint arrangement that includes a foreign operation while retaining significant influence or joint control, the proportionate share of the cumulative exchange differences is reclassified to profit or loss.

Goodwill arising from the acquisition of a foreign operation and fair value adjustments on the carrying amounts of assets and liabilities of such an acquisition are deemed as assets and liabilities of the foreign operation and expressed in the functional currency of the foreign operation.

(5) Classification of current and non-current assets and liabilities

An asset is classified as current when:

A. the Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle

B. the Group holds the asset primarily for the purpose of trading

C. the Group expects to realize the asset within twelve months after the reporting period

D. the asset is cash or cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. the Group expects to settle the liability in its normal operating cycle

B. the Group holds the liability primarily for the purpose of trading

C. the liability is due to be settled within twelve months after the reporting period

D. at the end of the reporting period, the Group does not have the right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with terms equal to or less than three months).

(7) Financial instruments

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

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

A. Recognition and measurement of financial assets

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

The Group classifies financial assets as subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on the following two conditions:

(a) the business model for managing the financial assets, and

(b) the contractual cash flow characteristics of the financial assets

Financial assets at amortized cost

A financial asset satisfying both conditions below is measured at amortized cost and presented as notes receivables, accounts receivables, financial assets at amortized cost or other receivables on the balance sheet:

(a) the business model for managing the financial assets: the financial asset is held to collect its contractual cash flows, and

(b) the contractual cash flow characteristics of the financial assets: cash flows are solely payments of principal and interest on the outstanding principal.

Such financial assets (excluding ones involved in a hedging relationship) are subsequently measured at amortized cost {the amount initially recognized less principal repayments, plus or minus the cumulative amortization of the difference between the initial amount and the maturity amount (calculated using the effective interest method), and adjusted for loss allowance}. A gain or loss is recognized in profit or loss when the financial asset is derecognized, going through the amortization process or recognizing the impairment gains or losses.

Interest calculated by the effective interest method (applying the effective interest rate to the gross carrying amount of financial assets) or under one of the following situations is recognized in profit or loss:

(a) For purchased or originated credit-impaired financial assets, interest is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.

(b) For financial assets that do not belong to the former category but subsequently have become credit-impaired, interest is calculated by applying the effective interest rate to the amortized cost of the financial assets.

Financial assets at fair value through other comprehensive income

A financial asset satisfying both conditions below is measured at fair value through other comprehensive income and presented as financial assets at fair value through other comprehensive income on the balance sheet:

(a) the business model for managing the financial assets: the financial asset is held to collect its contractual cash flows and for sale, and

(b) the contractual cash flow characteristics of the financial assets: cash flows are solely payments of principal and interest on the outstanding principal.

Recognition of gains or losses on such a financial asset is described below:

(a) Prior to its derecognition or reclassification, the gain or loss on a financial asset at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses, which are recognized in profit or loss.

(b) Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest calculated by the effective interest method (applying the effective interest rate to the gross carrying amount of financial assets) or under one of the follow situations is recognized in profit or loss:

i. For purchased or originated credit-impaired financial assets, interest is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.

ii. For financial assets that do not belong to the former category but subsequently have become credit-impaired, interest is calculated by applying the effective interest rate to the amortized cost of the financial assets.

In addition, for an equity instrument within the scope of IFRS 9 that is not held for trading and the contingent consideration recognized by an acquirer in a business combination under IFRS 3 does not apply, the Group makes an (irrevocable) election at initial recognition to present its subsequent changes in the fair value in other comprehensive income. Amounts presented in other comprehensive income cannot be subsequently transferred to profit or loss (upon disposal of such equity instrument, its cumulative amount in other equity is transferred directly to retained earnings) and shall be recognized as a financial asset at fair value through other comprehensive income on the balance sheet. Dividends from the investment are recognized in profit or loss unless they clearly represent the recovery of a part of the investment cost.

<u>Financial assets at fair value through profit or loss</u>

Except for financial assets that are measured at amortized cost or at fair value through other comprehensive income due to the satisfaction of certain conditions, all other financial assets are measured at fair value through profit or loss and presented as financial assets at fair value through profit or loss on the balance sheet.

Those financial assets are measured at fair value and the gains or losses resulting from their remeasurement are recognized in profit or loss, which include dividends or interests received on such financial assets.

B. Impairment of financial assets

The Group recognizes and measures the loss allowance for debt instrument investments at fair value through other comprehensive income and financial assets at amortized cost at an amount equal to expected credit losses. The loss allowance on debt instrument investments at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount of the investments.

The Group measures expected credit loss in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(b) the time value of money; and

(c) reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that is available (without undue cost or effort at the balance sheet date)

The loss allowance is measured as follows:

(a) at an amount equal to 12-month expected credit losses: including financial assets whose credit risk has not increased significantly since initial recognition or ones that are determined to have low credit risk at the balance sheet date. In addition, financial assets whose loss allowance is measured at an amount equal to lifetime expected credit losses in the previous reporting period, but the condition of a significant increase in credit risk since initial recognition is no longer met at the current balance sheet date shall also be included.

(b) at an amount equal to lifetime expected credit losses: including financial assets whose credit risk has increased significantly since initial recognition or purchased or originated credit-impaired financial assets.

(c) for accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

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

C. Derecognition of financial assets

The Group derecognizes a financial asset when

(a) The contractual rights to receive cash flows from the asset have expired;

(b) The Group has transferred the asset as well as substantially all the risks and rewards of the assets; or

(c) The Group has not transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset.

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

D. Financial liabilities and equity instruments

Classification of liability and equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments

Equity instruments are contracts that represent residual interests after the Group deducts all of its liabilities from its assets. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issuance costs.

Compound instruments

The Group determines the liability and equity components of the convertible bonds issued based on the contractual terms. Also, it assesses if the economic characteristics and risks of the call and put options embedded in the bonds are closely related to the host contract before separating the equity component.

The fair value of liability component excluding the derivative instruments is determined based on the interest rate of the market for non-convertible bonds with a similar nature and the component is classified as a financial liability at amortized cost prior to the conversion or settlement of the instrument. As for the part of embedded derivative instruments not closely related to the economic characteristics and risks of the host contract (e.g., embedded call and put options with exercise prices confirmed to be not approximately equal to the amortized cost of the debt instrument on each exercise day), it is classified as a liability component and measured at fair value through profit or loss in the subsequent periods, unless it qualifies as an equity component. The amount of equity component is determined as the fair value of convertible bonds less the liability component and its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bonds do not have an equity component, it is accounted for as a hybrid instrument pursuant to IFRS 9.

Transaction costs are allocated between the liability and equity components using the percentages for allocating the proceeds of the convertible bonds to the liability and equity components at the initial recognition.

Where a bondholder demands to exercise his/her conversion right before the maturity, the carrying amount of the liability component shall be adjusted to the carry amount as of the conversion date to serve as the basis to account for the issuance of common stocks.

Financial liabilities

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

Financial liabilities are classified as held for trading when

(a) They are acquired principally for the purpose of being sold in the near future;

(b) They are part of a portfolio of identifiable financial instruments managed together upon initial recognition and there is evidence of a short-term profit-taking pattern recently; or

(c) They are derivative instruments (except for derivatives that are financial guarantee contracts or designated and effective hedging instruments.)

For contracts containing one or more embedded derivative instruments, the entire hybrid (combined) contracts may be designated as financial liabilities at fair value through profit or loss. They would be designated as at fair value through profit or loss upon initial recognition when one of the following conditions is met and more relevant information can be provided:

(a) The designation can eliminate or significantly reduce inconsistencies in measurement or recognition; or

(b) A group of financial liabilities or a group of financial assets and liabilities is managed and assessed for its performance on a fair value bases pursuant to a documented risk management or investment strategy and the group information provided internally to the management team is also on a fair value basis.

Gains or losses resulting from the remeasurement of such financial liabilities, including interests paid, are recognized in profit or loss.

Financial liabilities at amortized costs

Financial liabilities at amortized costs include payables and loans. After initial recognition, they are measured using the effective interest method. When financial liabilities are derecognized and amortized using the effective interest method, the resulting gains and losses as well as amortization expenses are recognized in profit or loss.

The calculation of amortized cost takes into account the discounts or premiums at the time of acquisition and transaction costs.

Derecognition of financial liabilities

Financial liabilities are derecognized when the obligations of the liabilities are discharged, cancelled or expired.

When there has been an exchange of debt instruments with substantially different terms between the Group and the creditors or a substantial modification on all or a part of terms of the existing financial liabilities (whether or not due to financial difficulties), the accounting treatment is to derecognize the original liabilities while recognizing the new liabilities. Upon derecognition, the difference between the carrying amount and the consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

E. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset with the net amount presented on the balance sheet only when the Group has a current and legally enforceable right to offset the recognized amounts and an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(8) Derivative instruments

The Group uses derivative instruments to hedge its foreign currency risk and interest rate risk. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading), except for ones that are designated effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the dates on which derivative contracts are entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges and hedges of a net investment in a foreign operation, which is recognized in profit or loss or equity.

Where the host contracts are non-financial assets or non-financial liabilities, derivatives embedded in host contracts are accounted for as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place in one of the following markets:

A. The principal market of the asset or liability, or

B. In the absence of a principal market, the most advantageous market for the asset or liability.

The principal or the most advantageous market shall be the one accessible to the Group.

The fair value measurement of assets or liabilities uses the assumptions adopted by market participants when determining the prices of the assets or liabilities. Market participants are assumed to act in their economic best interest.

The fair value measurement of non-financial assets takes into account the market participants' ability to generate economic benefits through the highest and best use of the assets or by selling the assets to another market participant who would use the assets in their highest and best use.

The Group adopts valuation techniques that are appropriate under the circumstance and have sufficient data available for fair value measurement. It maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

(10) Inventories

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

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

Raw materials	-	Actual purchase cost
Work in progress and finished goods	-	Cost of direct materials, labor and manufacturing overheads allocated based on normal operating capacity. Borrowing costs are excluded.

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

(11) Investments accounted for using the equity method

An associate is an entity over which the Group has significant influence. The Group's investment in its associates is accounted for using the equity method except for those that meet the criteria to be classified as assets held for sale.

Under the equity method, the investment in an associate is carried in the balance sheet at cost and adjusted thereafter for the Group's share of post-acquisition change in the net assets of the associate. After the carrying amount and other interests of the investment is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's related interest in the associate.

When changes in the equity of associates are not caused by items of profit or loss nor other comprehensive income and such changes do not affect the Group's ownership percentages in the associates, the Group recognizes such changes by its ownership percentages. The resulting capital surplus is reclassified to profit or loss on a pro rata basis upon subsequent disposal of the associates or joint ventures.

When the Group does not subscribe for new shares issued by associates based on its original ownership percentages in the associates and the Group's interests in the associates or joint ventures have changed as a result, the changes are adjusted for using "capital surplus" and "investments accounted for using the equity method." When the interests in the associates are reduced, the proportionate amount of relevant gains or losses recognized previously in other comprehensive income are reclassified to profit or loss or other appropriate accounts. The aforementioned capital surplus is reclassified to profit or loss on a pro rata basis upon subsequent disposal of the associates or joint ventures.

The financial statements of the associates are prepared for the same reporting period as the Group and adjustments are made for their accounting policies to be consistent with the ones adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence indicating that its investment in the associate is impaired pursuant to IAS 28 "Investments in Associates and Joint Ventures." If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount and the carrying value of the associate or joint venture and recognizes the amount in the share of profit or loss of associates or joint ventures pursuant to IAS 36 "Impairment of Assets." If the value in use of the investment is adopted for the aforementioned recoverable amount, the Group would determine the value in use by the following estimates:

A. Its share of the present value of estimated future cash flows expected to be generated by the associates, including the cash flows from the operations of the associates and the proceeds on the ultimate disposal of the investment; or

B. The present value of estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

As the Group does not recognize goodwill that forms part of the carrying amount of the investments in associates or joint ventures separately, it is not subject to the impairment testing of goodwill under IAS 36 "Impairment of Assets."

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment plus proceeds from disposal is recognized in profit or loss.

(12) Property, plant and equipment

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

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

Buildings	5 to 50 years
Machinery and equipment	5 to 10 years
Hydropower equipment	5 to 20 years
Testing equipment	10 years
Miscellaneous equipment	5 to 20 years

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

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at the end of each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(13) Leases

On the dates the contracts are established, the Group assesses whether the contracts are (or contain) leases. If a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is defined as (or contains) a lease. To assess if a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether the following two conditions are met during the period of use:

A. Having the right to obtain substantially all of the economic benefits from the use of identified asset; and

B. Having the right to direct the use of identified asset.

For contracts that are (or contain) leases, the Group accounts for each lease component as a lease and handles separately from the non-lease components within the contracts. For contracts that contain one lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contracts to the lease component on the basis of the relative stand-alone price of each lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone prices of lease and non-lease components are determined based on the prices that the lessor (or a similar supplier) would charge for those components (or similar components) separately. If an observable stand-alone price is not readily available, the Group would maximize the use of observable information to estimate the stand-alone price.

The Group being a lessee

Except for short-term leases or leases of low value assets, when the Group is a lessee to lease contracts, it recognizes right-of-use assets and lease liabilities for all leases.

On the commencement date, the Group measures lease liabilities by the present value of outstanding lease payments. If the interest rate implicit in the lease can be readily determined, lease payments would be discounted using this rate. If the rate cannot be readily determined, the Group would use the incremental borrowing rate of lessee. On the commencement date, lease payments for lease liabilities include the following outstanding payments which are related to the right to use the underlying asset during the lease term:

A. Fixed payments (including in-substance fixed payments), less any lease incentives receivable;

B. Variable lease payments that are determined by an index or a rate (adopting the initial measurement of the index or rate on the commencement date);

C. Amounts expected to be paid by the lessee under residual value guarantees;

D. The exercise price of a purchase option if the Group is reasonably certain to exercise the option; and

E. Penalties to be paid for terminating the lease, if the lease term reflects that the lessee will exercise the option to terminate the lease.

After the commencement date, the Group measures lease liabilities on amortized cost basis. It increases the carrying amount of lease liabilities via the effective interest method to reflect the interest of lease liabilities. The carrying amount of lease liabilities is reduced when lease payments are made.

The Group measures right-of-use assets at cost on the commencement date. The costs of right-of-use assets include:

A. The initial measurement amount of lease liabilities;

B. All lease payments made on or before the commencement date, less any lease incentives received;

C. Any initial direct costs incurred by the lessee; and

D. The estimated costs for the lessee to dismantle and remove the underlying asset and restore its original location or to restore the underlying asset to the conditions required by the lease terms and conditions.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, i.e., the cost model is adopted to measure the right-of-use assets.

If the underlying assets' ownership is transferred to the Group at the end of lease term, or the cost of right-of-use assets reflects the fact that the Group will exercise the purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of underlying assets' useful life. Otherwise, the Group depreciates the right-of-use assets from the commencement date to the end of underlying assets' useful life or the end of lease term, whichever is earlier.

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

Except for short-term leases or leases of low value assets, the Group recognizes right-of-use assets and lease liabilities on the balance sheets and lease-related depreciation and interest expenses on the statements of comprehensive income.

For short-term leases or leases of low value assets, the Group elects to adopt the straight-line basis or another systematic basis to recognize the lease payments associated with the leases as expenses during the lease terms.

The Group being a lessor

On the date the contract is established, the Group classifies each lease as an operating or finance lease. If the lease transfers substantially all of the risks and rewards incidental to the underlying asset’s ownership, it is classified as a finance lease; otherwise, it is classified as an operating lease. On the commencement date, the Group recognizes its assets under finance leases at net investment amounts on the balance sheet as finance lease receivable.

For contracts that contain lease and non-lease components, the Group adopts IFRS 15 to allocate the considerations of contracts.

The Group adopts the straight-line basis or another systematic basis to recognize lease payments from operating leases as rental income. Variable lease payments under operating leases that are not determined by an index or a rate are recognized as rental income as incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, which fail to meet the recognition criteria, are not capitalized. They are recognized in profit or loss as incurred.

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

Intangible assets with finite lives are amortized on a straight-line basis over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method of an intangible asset with a finite useful life are reviewed at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization method or period, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether events or circumstances continue to support an indefinite useful life. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

In-process intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

A. the technical feasibility of completing the intangible asset so that it will be available for use or sale

B. its intention to complete and its ability to use or sell the asset

C. how the asset will generate future economic benefits

D. the availability of resources to complete the asset

E. the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied, i.e., the asset is required to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

(15) Impairment of non-financial assets

The Group assesses whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired at the end of each reporting period. If any such indication exists, or when annual impairment testing for an asset is required, the Group would conduct impairment tests at individual or CGU level. Where the carrying amount of an asset or its CGU exceeds its recoverable amount, the asset is considered impaired. An asset’s recoverable amount is the higher of an asset’s net fair value or its value in use.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if there has been a change in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

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

Impairment loss or reversals of continuing operations are recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, of which amount can be reliably estimated. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset only when it is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the liability due to the passage of time is recognized as a borrowing cost.

If the obligation arises over a period of time, the provision for levies is recognized progressively.

(17) Revenue recognition

The Group's revenue from contracts with customers mostly involves the sale of goods. The accounting treatment is detailed as follows:

The Group manufactures and sells goods. Revenues are recognized when goods have been delivered to the customers and customers have obtained control (i.e., the customers can direct the use of goods and obtain substantially all remaining benefits from the goods). The main products of the Group are flexible copper-clad laminate, cover-layer, bonding sheet, stiffener and composite film. Revenues are recognized based on the prices stated on the contracts.

The credit terms of accounts receivables are set at monthly settlement with payment in 60 to 180 days. Accounts receivables are recognized when the control over goods is transferred and the Group has an unconditional right to collect the considerations. Those accounts receivables usually have a short collection period and do not have a significant financing component.

As for contracts where a part of the considerations is collected upon signing the contracts, the Group assumes the obligations to transfer the goods subsequently. Thus, they are recognized as contract liabilities. As it usually takes less than one year for the said contract liabilities to be reclassified to revenue, no significant financing component has arisen.

(18) Borrowing costs

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

(19) Post-employment benefit plans

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the consolidated financial statements.

For the defined contribution plan, the Company and its domestic subsidiaries would make monthly contributions of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. For overseas subsidiaries, contributions are made based on locally specified rates and are also recognized as expenses in the period incurred.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. The remeasurements of net defined benefit liability (asset) include return on plan assets and any changes in the effect of the asset ceiling, and exclude amounts included in the net interest on the net defined benefit liability (asset) and actuarial gains and losses. The remeasurements of net defined benefit liability (asset) are recognized in other comprehensive income in the periods they occur and immediately recognized in the retained earnings. Past service cost is the change in the present value of defined benefit obligation due to plan amendments or curtailments. It is recognized as an expense at the earlier of the following two dates:

A. when a plan amendment or curtailment occurs; and

B. when the Group recognizes any related restructuring costs or termination benefits.

Net interest on the net defined benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by the discount rate. Both net defined benefit liability (asset) and discount rate are determined at the beginning of annual reporting period. Changes in net defined benefit liability (asset) due to actual contributions and benefits paid during the period shall be taken into consideration.

(20) Share-based payment transactions

The cost of equity-settled share-based payment transactions between the Group and its employees is recognized based on the fair value of the equity instruments on the grant date. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the service and performance conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative cost recognized for share-based payment transactions as at the beginning and end of that period is recognized as profit or loss for the period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition. In which case, relevant expense is recognized when all service or performance conditions are satisfied, irrespective of whether the market or non-vesting condition is satisfied.

When modifying the terms of an equity-settled transaction, the minimum expense to be recognized is the original payment cost as if the terms have not been modified. An additional cost is recognized for modifications which increase the total fair value of the share-based payment transaction or are beneficial to the employees.

If the award plan is cancelled, it is deemed as if it is vested on the cancellation date, and any expense not yet recognized for the remaining share-based payments is recognized immediately. The expense includes awards where non-vesting conditions within the control of either the Company or the employees are not met. If the awards cancelled are replaced by new ones and the replacement is confirmed on the grant date, both the cancelled and new award plans are deemed as modifications to the original award plan.

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

(21) Income tax

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

Current income tax

Current income tax liabilities (assets) for the current and prior periods are measured based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity respectively, instead of in profit or loss.

The additional income tax for undistributed earnings is recognized as income tax expense on the date when the distribution proposal is approved in the shareholders' meeting.

Deferred income tax

Deferred income tax is the temporary difference between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.

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

A. Where the taxable temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (loss) nor gives rise to equal taxable and deductible temporary differences;

B. Where the taxable temporary differences are associated with investments in subsidiaries and associates and the timing of the reversal of the differences can be controlled; and it is probable that the temporary differences will not be reversed in the foreseeable future.

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

A. Where the deferred income tax asset is related to the deductible temporary difference arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (loss) nor gives rise to equal taxable and deductible temporary differences; and

B. Where the deferred income tax asset is related to the deductible temporary differences associated with investments in subsidiaries and associates. The deferred income tax asset is recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred income tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred income tax relating to items recognized outside profit or loss cannot be recognized in profit or loss. Instead, it is recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred income tax assets are reassessed and recognized at each reporting date.

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

Pursuant to the temporary exception of the "International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)", the Group does not recognize deferred income tax assets and liabilities related to pillar two income taxes nor disclose relevant information.

(22) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, identifiable assets acquired and liabilities assumed are measured at fair value as at the acquisition date. For each business combination, the acquirer measures NCI either at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under general and administrative expenses.

When the Group acquires a business, it assesses the assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in acquiree's host contracts.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date and the resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IFRS 9 as a change in either the profit or loss or other comprehensive income. However, if the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the excess amount of the aggregate of the consideration transferred and the NCI over the net fair value of the identifiable assets acquired and the liabilities assumed. If the consideration is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the CGU retained.

5. Significant Accounting Judgments and Major Sources of Estimation Uncertainty

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

(1) Major sources of estimation and uncertainty

The key sources of estimation and uncertainty concerning the future at the reporting date that may result in significant risks for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed as follows:

A. Fair value of financial instruments

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

B. Receivables - impairment loss estimate

The Group estimates the impairment loss of receivables by measuring the lifetime expected credit losses. Credit loss is calculated as the present value of the difference between contractual cash flows that are due to the Group under contracts (the carrying amount) and cash flows the Group expects to receive (by assessing the forward-looking information). For short-term receivables, as the discount effect is not significant, credit loss is measured using the undiscounted difference. Less-than-expected future cash flows could result in significant impairment charges. Please refer to Note 6(20) for details.

C. Inventories

The estimates of net realizable value for inventory take into account inventory spoilage, total or partial obsolescence or selling price declines. They are based on the most reliable evidence available when those estimates are made. Please refer to Note 6(6) for details.

D. Impairment of non-financial assets

Where the carrying amount of an asset or a CGU exceeds its recoverable amount, the asset or CGU is considered impaired. The recoverable amount is the higher of the fair value net of costs of disposal or value in use of the asset or CGU. The fair value net of costs of disposal is calculated by subtracting the incremental costs that are directly attributable to the disposal of the asset or CGU from the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The value in use is calculated based on the discounted cash flows model. The estimated cash flows are based on a budget for the next five years and shall exclude restructurings the Group has yet to commit to or major investments in later periods that are necessary for enhancing the said CGU's performance. The recoverable amount is easily influenced by the discount rate used in the discounted cash flows model and the expected future cash inflows and growth rate applied for extrapolation purposes. Please refer to Note 6(11) for details on the principal assumptions for determining the recoverable amounts of different CGUs, including the sensitivity analysis.

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

E. Post-employment benefit plans

The cost of pension plan and the present value of defined benefit obligation within the post-employment benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the discount rates and expected future salary changes. The assumptions used for measuring pension cost and defined benefit obligation are disclosed in Note 6(16).

F. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences between the actual results and the assumptions made or future changes to such assumptions could necessitate future adjustments to tax benefit and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates.

Deferred income tax assets are recognized for unused tax losses, carryforward of unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred income tax assets to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Deferred income tax assets which have not been recognized by the Group as of December 31, 2024 are disclosed in Note 6(24).

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and petty cash	$ 786	$ 872
Bank deposits	2,838,716	1,964,549
Repurchased agreements	49,845	-
Total	$ 2,889,347	$ 1,965,421

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

	December 31, 2024	December 31, 2023
Mandatorily at fair value through profit or loss:		
Derivative instruments not designated in a hedging relationship		
- Forward foreign exchange contracts	$ 1,705	$ 4,867
- Foreign exchange swap contracts	16	92

(Continued)

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	December 31, 2024	December 31, 2023
Stocks	$ 30,555	$ 27,754
Designated as at fair value through profit or loss:		
- Redemption option of convertible bonds	125	-
Total	$ 32,401	$ 32,713

(Concluded)

The Group’s financial assets at fair value through profit or loss were not pledged.

(3) Financial assets at amortized cost - current

	December 31, 2024	December 31, 2023
Time deposits - current	$ 200,000	$ -

Some financial assets were classified as financial assets at amortized cost by the Group and they were not pledged. Please refer to Note 12 for information concerning credit risk.

(4) Notes receivable, net

	December 31, 2024	December 31, 2023
Notes receivable, net	$ 627,810	$ 720,982

The Group’s notes receivables were not pledged.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6(20) for details on loss allowance and Note 12 for credit risk.

(5) Accounts receivable, net

	December 31, 2024	December 31, 2023
Accounts receivable	$ 3,236,142	$ 3,146,625
Less: Loss allowance	(80,118)	(51,590)
Accounts receivable, net	$ 3,156,024	$ 3,095,035

A. The Group’s accounts receivables were not pledged.

B. The credit terms of accounts receivables are generally set at monthly settlement with payment in 60 to 180 days. Please refer to Note 6(20) for loss allowance for the years ended December 31, 2024 and 2023, and Note 12 for credit risk.

(6) Inventories, net

	December 31, 2024	December 31, 2023
Raw materials	$ 591,810	$ 656,164
Inventories in transit	101,267	73,622
Supplies	14,228	12,616
Work in progress	84,270	31,946
Finished goods	577,545	412,160
Merchandise	283,207	223,218
Total	$ 1,652,327	$ 1,409,726

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The Group recognized NT$7,800,358 thousand and NT$6,359,012 thousand of operating costs associated with inventories for the years ended December 31, 2024 and 2023, respectively. Inventory valuation loss for inventories written down to their net realizable value amounted to NT$21,975 thousand and NT$26,567 thousand for the years ended December 31, 2024 and 2023, respectively.

The aforementioned inventories were not pledged.

(7) Financial assets at fair value through other comprehensive income - non-current

	December 31, 2024	December 31, 2023
Investments in equity instruments at fair value through other comprehensive income - non-current:		
Publicly traded stocks	$ 436,144	$ 426,661
Non-publicly traded stocks	-	-
Total	$ 436,144	$ 426,661

The dividend income from equity instruments at fair value through other comprehensive income held by the Group for the years ended December 31, 2024 and 2023 is as follows:

	Years Ended December 31	
	2024	2023
Dividend income recognized for the period	$ 9,741	$ 14,120

The said financial assets at fair value through other comprehensive income were not pledged. As of December 31, 2024, the unrealized valuation gain on financial assets at fair value through other comprehensive income was recognized upon evaluation under valuation adjustment of investments in equity instruments at fair value through other comprehensive income. Please refer to Table 3 for details.

(8) Investments accounted for using the equity method

	December 31, 2024		December 31, 2023	
Investee	Amount	Ownership Percentage	Amount	Ownership Percentage
Investments in associates:				
Innovision FlexTech Corp.	$ 10,252	10.62%	$ 15,152	12.97%

The aforementioned investments accounted for using the equity method were not pledged.

Fair value when there is a quoted market price: Innovision FlexTech Corp. is a company listed on the Emerging Stock Board of Taipei Exchange. The fair value of the Group's investment in Innovision FlexTech Corp. amounted to NT$25,105 thousand and NT$33,846 thousand as of December 31, 2024 and 2023, respectively. The fair value is classified as Level 1 in the fair value hierarchy.

A. The shares of profit or loss of associates accounted for using the equity method for the years ended December 31, 2024 and 2023 were as follows:

	Years Ended December 31	
Investee	2024	2023
Innovision FlexTech Corp.	$ (2,109)	$ (11,612)

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

B. The Company accounted for Innovision FlexTech Corp. (Innovision) using the equity method as it had significant influence over the investee through ownership and representation on Innovision's board of directors.

C. The summarized financial information of the Group's investments in associates was as follows:

	December 31, 2024	December 31, 2023
Total assets	$ 245,630	$ 256,117
Total liabilities	$ 150,849	$ 139,292

	Years Ended December 31	
	2024	2023
Revenue	$ 153,043	$ 198,114
Net income (loss)	$ (22,367)	$ (85,034)

(9) Property, plant and equipment

	December 31, 2024	December 31, 2023
Owner-occupied property, plant and equipment	$ 4,725,152	$ 4,529,075

A. Owner-occupied property, plant and equipment

	As of January 1, 2024	Addition	Disposal	Reclassification	Impairment Loss	Effect of Exchange Rate Changes	As of December 31, 2024
Cost							
Land	$ 335,228	$ -	$ -	$ -	$ -	$ 15,105	$ 350,333
Buildings	1,997,609	30,929	(19,166)	350,970	-	13,920	2,374,262
Machinery and equipment	4,043,103	68,861	(55,958)	327,407	-	11,917	4,395,330
Hydropower equipment	478,404	64,796	-	172,449	-	1,992	717,641
Testing equipment	402,702	18,560	(9,708)	47,651	-	1,136	460,341
Miscellaneous equipment	378,706	19,212	(17,380)	47,161	-	1,358	429,057
Total	$ 7,635,752	$ 202,358	$ (102,212)	$ 945,638	$ -	$ 45,428	$ 8,726,964
Accumulated depreciation and impairment							
Buildings	$ 718,650	$ 115,095	$ (9,949)	$ -	$ 24,972	$ 2,632	$ 851,400
Machinery and equipment	2,581,113	268,264	(8,044)	-	941	4,088	2,846,362
Hydropower equipment	300,765	29,363	-	-	-	790	330,918
Testing equipment	283,856	33,690	(9,269)	-	-	749	309,026
Miscellaneous equipment	254,214	31,368	(17,272)	1,053	315	981	270,659
Total	$ 4,138,598	$ 477,780	$ (44,534)	$ 1,053	$ 26,228	$ 9,240	$ 4,608,365
Construction in progress and equipment awaiting inspection	1,031,921	488,362	-	(948,861)	-	35,131	606,553
Net	$ 4,529,075						$ 4,725,152

	As of January 1, 2023	Addition	Disposal	Reclassification	Effect of Exchange Rate Changes	As of December 31, 2023
Cost						
Land	$ 327,936	$ -	$ -	$ -	$ 7,292	$ 335,228
Buildings	1,848,661	157,029	(720)	-	(7,361)	1,997,609
Machinery and equipment	3,597,680	451,525	(721)	-	(5,381)	4,043,103
Hydropower equipment	472,741	14,532	(7,904)	-	(965)	478,404

(Continued)

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	As of January 1, 2023	Addition	Disposal	Reclassification	Effect of Exchange Rate Changes	As of December 31, 2023
Testing equipment	$ 397,342	$ 6,326	$ (388)	$ -	$ (578)	$ 402,702
Miscellaneous equipment	328,648	51,875	(1,149)	-	(668)	378,706
Total	$ 6,973,008	$ 681,287	$ (10,882)	$ -	$ (7,661)	$ 7,635,752
Accumulated depreciation and impairment						
Buildings	$ 625,397	$ 95,058	$ (720)	$ -	$ (1,085)	$ 718,650
Machinery and equipment	2,356,965	226,194	(490)	-	(1,556)	2,581,113
Hydropower equipment	285,928	23,038	(7,904)	-	(297)	300,765
Testing equipment	252,026	32,442	(282)	-	(330)	283,856
Miscellaneous equipment	225,305	30,456	(1,086)	-	(461)	254,214
Total	$ 3,745,621	$ 407,188	$ (10,482)	$ -	$ (3,729)	$ 4,138,598
Construction in progress and equipment awaiting inspection	678,585	365,000	-	(10,069)	(1,595)	1,031,921
Net	$ 3,905,972					$ 4,529,075

(Concluded)

B. The Group has assessed that certain other equipment is impaired. As a result, an impairment loss of NT$26,228 thousand was recognized for the year ended December 31, 2024. The recoverable amount is determined based on fair value less costs of disposal, classified as Level 3 in the fair value hierarchy.

C. Please refer to Note 8 for property, plant and equipment pledged.

(10) Intangible assets

	As of January 1, 2024	Addition	Disposal	Reclassification	Effect of Exchange Rate Changes	As of December 31, 2024
Cost						
Trademarks	$ 627	$ -	$ -	$ -	$ -	$ 627
Patents	34,612	121	-	-	-	34,733
Computer software	173,128	7,936	-	4,254	273	185,591
Goodwill	69,781	-	-	-	-	69,781
Total	$ 278,148	$ 8,057	$ -	$ 4,254	$ 273	$ 290,732
Accumulated amortization and impairment						
Trademarks	$ 424	$ 58	$ -	$ -	$ -	$ 482
Patents	28,458	636	-	-	-	29,094
Computer software	98,166	20,650	-	-	265	119,081
Total	127,048	$ 21,344	$ -	$ -	$ 265	148,657
Net	$ 151,100					$ 142,075

	As of January 1, 2023	Addition	Disposal	Reclassification	Effect of Exchange Rate Changes	As of December 31, 2023
Cost						
Trademarks	$ 762	$ 41	$ (176)	$ -	$ -	$ 627
Patents	48,209	243	(13,840)	-	-	34,612
Computer software	266,934	926	(103,297)	8,680	(115)	173,128
Goodwill	69,781	-	-	-	-	69,781
Total	$ 385,686	$ 1,210	$ (117,313)	$ 8,680	$ (115)	$ 278,148

(Continued)

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	As of January 1, 2023	Addition	Disposal	Reclassification	Effect of Exchange Rate Changes	As of December 31, 2023
Accumulated amortization and impairment						
Trademarks	$ 542	$ 58	$ (176)	$ -	$ -	$ 424
Patents	41,542	756	(13,840)	-	-	28,458
Computer software	179,553	22,025	(103,297)	-	(115)	98,166
Total	221,637	$ 22,839	$ (117,313)	$ -	$ (115)	127,048
Net	$ 164,049					$ 151,100

(Concluded)

(11) Impairment testing of goodwill

Goodwill acquired through business combinations was allocated to each of the CGUs which were expected to benefit from synergies, and impairment evaluation on recoverable amount of goodwill was conducted at each year end. The Group measured recoverable amount at fair value less costs of disposals. The adoption of fair value less costs of disposal was determined by using the comparative approach for evaluation. Fair value less costs of disposal took into account the recent transaction prices or announced land value of similar objects with comparability in the region and adjusted for factors including location, scale and purposes. It was a level 3 fair value. Based on the analysis, the Group determined that the goodwill of NT$69,781 thousand was not impaired.

Key assumption in calculating the fair value less costs of disposal

The calculation of CGUs' fair value less costs of disposal is most sensitive to the following assumption:

Transaction price of comparable object - the transaction price of comparable object is adjusted for conditions, transaction date, local factors, and individual factors.

Sensitivity to changes in assumption

For the evaluation of CGUs' fair value less costs of disposal, the management believes that no reasonably possible change in the above key assumption would cause the carrying value of the unit to materially exceed its recoverable amount.

(12) Short-term loans

	December 31, 2024	December 31, 2023
Unsecured bank loans	$ 343,783	$ 218,859

The interest rate ranges of loans were 0.50% to 3.65% and 0.50% to 4.65%, and the unused short-term credit facilities amounted to NT$3,484,736 thousand and NT$3,914,140 thousand as of December 31, 2024 and 2023, respectively.

(13) Financial liabilities at fair value through profit or loss - current

	December 31, 2024	December 31, 2023
Held for trading:		
Derivative financial instruments not designated in a hedging relationship		
- Forward foreign exchange contracts	$ 2,254	$ -

(Continued)

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	December 31, 2024	December 31, 2023
- Foreign exchange swap contracts	$ -	$ 14
Designated as at fair value through profit or loss:		
- Convertible bonds - put option	-	1,556
Total	$ 2,254	$ 1,570

(Concluded)

(14) Bonds payable

	December 31, 2024	December 31, 2023
Overseas unsecured convertible bonds payable	$ 245,543	$ 1,891,501
Less: Current portion	-	(1,891,501)
Net	$ 245,543	$ -

Overseas unsecured convertible bonds payable

	December 31, 2024	December 31, 2023
Liability component:		
Overseas unsecured convertible bonds payable - principal amount	$ 250,110	$ 1,945,300
Overseas unsecured convertible bonds payable - discounts	(4,567)	(53,799)
Subtotal	$ 245,543	$ 1,891,501
Less: Current portion	-	(1,891,501)
Net	$ 245,543	$ -
Embedded derivative financial instruments	$ 125	$ (1,556)
Equity component	$ 9,026	$ 70,203

The Company issued its first overseas unsecured convertible bonds at zero coupon rate on the Singapore Exchange Securities Trading Limited on November 30, 2021. Based on the contractual terms, the bonds contain a liability component (host contract), embedded derivative financial instruments (options for the issuer to redeem the bonds and the bondholders to request for redemption) and an equity component (an option for bondholders to request for conversion into issuer's common stocks). The key terms of the bonds are as follows:

Issue amount: US$70,000 thousand (NT$1,945,300 thousand)

Period: November 30, 2021 to November 30, 2026

Major redemption and put option clauses:

A. The bonds are converted into U.S. dollars equivalent to the New Taiwan dollar amount using a fixed exchange rate for the repayment, repurchase and redemption of the bonds. The fixed exchange rate is determined with reference to the US$/NT$ fixing published by Taipei Forex Inc. at 11 a.m. on the pricing date (i.e., the Fixed Exchange Rate is US$1.00 = NT$27.79).

B. After three months of the issuance and prior to the maturity date, the Company may redeem the outstanding convertible bonds in cash at the "Early Redemption Amount" when the closing price (converted into U.S. dollars at the applicable prevailing exchange rate) of the Company's common stocks listed on the TWSE is at least 130% of the total amount determined by multiplying the Early Redemption Amount by the conversion price (translated into U.S. dollars at the Fixed Exchange Rate determined on the pricing date) and divided by the principal amount of the bonds for a period of thirty consecutive trading days. The Early Redemption Amount is converted to New Taiwan dollars using the Fixed Exchange Rate, and the New Taiwan dollars amount will be converted into U.S. dollars using the prevailing exchange rate (the US$/NT$ fixing published by Taipei Forex Inc. at 11 a.m.) for payments in U.S. dollars.

C. When more than 90 percent of the bonds have been redeemed, converted, repurchased and cancelled, the Company may redeem the outstanding bonds early, in whole but not in part, at the "Early Redemption Amount."

D. When changes in the tax laws of the ROC would result in an increase in costs for the Company, the Company may redeem the outstanding bonds early, in whole but not in part, at the "Early Redemption Amount." For bondholders who choose not to have their bonds redeemed, they shall not request the Company to bear the additional taxes or expenses.

E. The bondholders may request the Company to redeem all or part of the corporate bonds three years after the issue date (i.e., the holder's put date is November 30, 2024) at the "Early Redemption Price." The "Early Redemption Price" is converted to New Taiwan dollars using the Fixed Exchange Rate, and the New Taiwan dollars amount will be converted into U.S. dollars using the prevailing exchange rate (the US$/NT$ fixing published by Taipei Forex Inc. at 11 a.m.) for payments in U.S. dollars.

F. When the Company's common stocks cease to be listed on the TWSE or are suspended from trading for a period of thirty consecutive trading days or more, the bondholders may request the Company to redeem the corporate bonds, in whole but not in part, at the "Early Redemption Price."

G. Upon the occurrence of a change of control as defined in the bond indenture, the bondholders may request the Company to redeem the corporate bonds, in whole but not in part, at the "Early Redemption Price."

Terms of conversion:

A. Underlying securities: Common stocks of the Company

B. Conversion period: Bondholders have the right to convert their bonds into the Company's common stocks from the day immediately following the 90-day period from the issue date to (1) 10 days prior to the maturity date or (2) no later than five business days prior to the holder's put date or the date when the Company exercises early redemption.

C. Conversion price and its adjustments: The conversion price is set at NT$53.5 per share at the time of issuance. When the conversion price needs to be adjusted due to circumstances set out in the bond indenture, it shall be adjusted according to formula in the indenture. The conversion price as of December 31, 2024 was NT$44.78 per share.

D. Redemption on maturity date: Upon maturity, the bonds will be redeemed at 100% of the outstanding principal amount (i.e., the "Redemption Amount at Maturity"). The Redemption Amount at Maturity is converted to New Taiwan dollars using the Fixed Exchange Rate, and the New Taiwan dollars amount will be converted into U.S. dollars using the prevailing exchange rate (the US$/NT$ fixing published by Taipei Forex Inc.

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

at 11 a.m.) for payments in U.S. dollars.

As of December 31, 2024, the total amount converted was US$61,000 thousand (NT$1,695,190 thousand).

(15) Long-term loans

Details of long-term loans as of December 31, 2024 and 2023 were as follows:

Creditor	2024.12.31	Contract Term and Repayment
Export-Import Bank of the Republic of China - credit loan	$ 200,000	2023.8.4 - 2029.8.4, non-revolving for six years from the initial drawdown date, principal to be repaid in 8 equal semiannual installments after the grace period of 30 months with quarterly interest payment
Taishin International Bank - secured loan	110,940	2024.7.31 - 2029.7.31, principal to be repaid in the remaining term with monthly interest payment
E.Sun Commercial Bank - secured loan	33,393	2022.3.25 - 2029.3.25, principal to be repaid in equal monthly installments with monthly interest payment
Subtotal	344,333	
Less: Current portion	(19,497)	
Total	$ 324,836	

Creditor	2023.12.31	Contract Term and Repayment
Export-Import Bank of the Republic of China - credit loan	$ 200,000	2023.8.4 - 2029.8.4, non-revolving for six years from the initial drawdown date, principal to be repaid in 8 equal semiannual installments after the grace period of 30 months with quarterly interest payment
Bank of Ningbo - credit loan	13,000	2023.8.23 - 2024.9.22, principal to be repaid in 3 equal installments with monthly interest payment
Taishin International Bank - secured loan	122,550	2020.2.26 - 2025.2.25, principal to be repaid in the remaining term with monthly interest payment
E.Sun Commercial Bank - secured loan	41,250	2022.3.25 - 2029.3.25, principal to be repaid in equal monthly installments with monthly interest payment
Maxwealth Financial Leasing Co., Ltd. - secured loan	5,181	2023.8.2 - 2025.8.1, principal to be repaid in equal monthly installments with monthly interest payment
Subtotal	381,981	
Less: Current portion	(36,457)	
Total	$ 345,524	

The subsidiary Koatech Technology Corporation entered into a machinery and equipment sale-leaseback financing arrangement with Maxwealth Financial Leasing Co., Ltd. for a term of two years. Under the agreement, machinery and equipment are pledged as collateral. At the end of the term, the ownership of such machinery and equipment would belong to Koatech Technology Corporation. Please refer to Note 8 for machinery and equipment pledged.

A. The interest rate ranges of loans were 1.8354% to 2.15% and 1.7165% to 3.85% as of December 31, 2024 and 2023, respectively. Please refer to Note 8 for collateral of the long-term loans.

B. In July 2020, the Company entered into a syndicated loan agreement with eight financial institutions, including the Bank of Taiwan (bookrunner), for a loan facility of NT$2.5 billion or the equivalent in U.S. dollars. The contract term was five years from the initial drawdown date, i.e., October 2020 to October 2025 and the credit term of the agreement was mid-term loans - current. During the loan term, the Company was required to calculate and maintain the following financial ratios at an agreed level based on the consolidated financial statements audited by CPAs every six months: current ratio, debt ratio, interest coverage ratio and tangible net value. The Company has abided by those terms.

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(16) Post-employment benefit plans

A. Defined contribution plan

Expenses under the defined contribution plan for the years ended December 31, 2024 and 2023 were NT$36,559 thousand and NT$34,232 thousand, respectively.

B. Defined benefit plan

Expenses under the defined benefit plan were as follows:

	Years Ended December 31	
Financial Statement Account	2024	2023
Operating costs	$ 2,711	$ 3,488
Sales and marketing expenses	408	280
General and administrative expenses	2,522	2,765
Research and development expenses	1,064	1,653
Total	$ 6,705	$ 8,186

C. Accumulated amounts of actuarial gain or loss recognized under other comprehensive income were as follows:

	Years Ended December 31	
	2024	2023
Beginning balance	$ 52,349	$ 80,483
Actuarial gain or loss	(21,643)	(28,134)
Ending balance	$ 30,706	$ 52,349

D. Reconciliation of defined benefit obligation at present value and plan assets at fair value was as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligation	$ 176,733	$ 197,405
Fair value of plan assets	(61,734)	(64,763)
Funded status	114,999	132,642
Net defined benefit liabilities	$ 114,999	$ 132,642

E. Changes in the present value of the defined benefit obligation were as follows:

	Years Ended December 31	
	2024	2023
Beginning balance	$ 197,405	$ 219,323
Current service cost	4,901	5,590
Interest cost	2,547	3,070
Actuarial gain or loss	(17,126)	(28,094)
Benefits paid	(10,994)	(2,484)
Ending balance	$ 176,733	$ 197,405

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

F. Changes in the fair value of the plan assets were as follows:

	Years Ended December 31	
	2024	2023
Beginning balance	$ 64,763	$ 40,176
Return on plan assets	835	563
Contributions from employer	2,613	26,468
Actuarial gain or loss	4,517	40
Benefits paid	(10,994)	(2,484)
Ending balance	$ 61,734	$ 64,763

G. As of December 31, 2024, the Group expected to make contributions of NT$6,172 thousand to the defined benefit plan in the following 12 months.

H. The major categories of plan assets as a percentage of the fair value of total plan assets were as follows:

	Pension Plan (%)	
	December 31, 2024	December 31, 2023
Cash	100%	100%

The Company's actual returns on plan assets were NT$5,352 thousand and NT$602 thousand for the years ended December 31, 2024 and 2023, respectively.

The expected rate of return on plan assets is determined based on historical trend and analysts' expectations on the asset's return in its market over the obligation period. Furthermore, the utilization of the fund by the labor pension fund supervisory committee and the fact that the minimum earnings are guaranteed to be no less than the earnings attainable from local banks' two-year time deposits are also taken into consideration in determining the expected rate of return on plan assets.

I. The principal assumptions used in determining the Company's defined benefit plan were shown below:

	December 31, 2024	December 31, 2023
Discount rate	1.64%	1.29%
Expected rate of return on plan assets	1.64%	1.29%
Expected rate of salary increases	3.50%	4.00%

J. A 0.5% change in the discount rate would result in the following:

	Years Ended December 31			
	2024		2023	
	0.5% Increase	0.5% Decrease	0.5% Increase	0.5% Decrease
Effect on aggregate of current service cost and interest cost	$ 438	$ (538)	$ 406	$ (522)
Effect on present value of defined benefit obligation	(11,217)	12,143	(13,452)	14,623

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

K. Other information on the defined benefit plan was as follows:

	Years Ended December 31	
	2024	2023
Present value of defined benefit obligation, ending balance	$ 176,733	$ 197,405
Fair value of plan assets, ending balance	(61,734)	(64,763)
Deficit of plan, ending balance	$ 114,999	$ 132,642
Experience adjustments on plan liabilities	$ 3,768	$ (17,238)
Experience adjustments on plan assets	$ (4,517)	$ (40)

(17) Equity

A. Capital

(a) Common stock

As of December 31, 2024 and 2023, the Company's authorized capital was NT$3,000,000 thousand, divided into 300,000 thousand shares (including 15,000 thousand shares with the amount of NT$150,000 thousand reserved for the exercise of employee stock options, preferred stock with warrants and bond with warrants) at a par value of NT$10 each.

As of December 31, 2024 and 2023, the Company's issued capital was NT$2,549,117 thousand and NT$2,091,197 thousand, respectively, divided into 254,912 thousand shares and 209,120 thousand shares at a par value of NT$10 each.

(b) Capital collected in advance

As of December 31, 2024, convertible bond holders converted their bonds into 1,365 thousand shares of the Company's common stock, resulting in an increase in common stock capital of NT$13,653 thousand, which was booked under capital collected in advance. The Board of Directors resolved on February 26, 2025, to set the capital increase record date on March 11, 2025.

B. Capital surplus

	December 31, 2024	December 31, 2023
Additional paid-in capital	$ 1,890,209	$ 541,007
Premium from merger	262,500	262,500
Donated assets	1,970	1,970
Treasury stock transactions	27,280	27,280
Due to recognition of equity component of convertible bonds - stock options	9,026	70,203
Employee stock options	19,121	11,033
Others	112,210	112,204
Total	$ 2,322,316	$ 1,026,197

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

C. Appropriation of profits and dividend policies

Current year's earnings of the Company, if any, shall be distributed in the following order:

(a) Taxes and dues.

(b) Deficit compensation.

(c) 10% of net profit as legal reserves. However, this shall not apply when the accumulated legal reserve has equaled total capital.

(d) Special reserve appropriated or reversed as stipulated by relevant laws and regulations or the competent securities authorities.

(e) For the remaining profits, if any, the Board of Directors shall draft a proposal for the distribution of earnings. Regarding earnings distributed by an issuance of new shares, the proposal shall be approved by the shareholders' meeting, and for earnings distributed in the form of cash, the proposal shall be submitted to the Board of Directors' meeting for resolution.

The Company authorizes the Board of Directors to approve the distribution of dividends and bonuses or the legal reserve and capital surplus stipulated in Paragraph 1, Article 241 of the Company Act, in whole or in part, in the form of cash with the consent of majority of attending directors which represents more than two-third of all directors pursuant to Paragraph 5, Article 240 of the Company Act and report to the shareholders' meeting.

After taking into account the environment and development stage of the Company, the needs of capital in the future, long-term financial planning and shareholders' demand for cash, the Board of Directors shall draw up an earnings distribution proposal based on the distributable earnings and submit it to the shareholders' meeting for approval. At least forty percent of the distributable earnings shall be appropriated as shareholders' dividends. The cash dividend shall not be lower than 10 percent of the total dividends and shall be capped at 100 percent.

The Company complies with Order No. Jin-Guan-Zheng-Fa-1090150022 issued by the FSC on March 31, 2021, which sets out the following provisions: On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserves. Later when the company uses, disposes of, or reclassifies relevant assets, it may reverse to distributable earnings a proportional amount of the special reserves originally set aside.

As of December 31, 2024 and 2023, special reserve set aside for the first-time adoption of IFRS amounted to NT$75,546 thousand.

Information about the appropriation of 2023 and 2022 earnings resolved in the Board of Directors' meetings on February 20, 2024 and February 22, 2023, respectively, was as follows:

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Appropriation of Earnings		Dividend per Share (NT$)	
	2023	2022	2023	2022
Legal reserve	$ 44,548	$ 74,491	-	-
Special reserve	-	74,180	-	-
Reversal of special reserve	(145,484)	-	-	-
Cash dividends	209,120	397,327	$ 1.00	$ 1.90
Stock dividends (Note)	104,560	-	0.50	-

(Note) Resolved at the shareholders' meeting on May 24, 2024.

Distribution of cash from capital surplus of NT$125,472 thousand (i.e., NT$0.6 per share) was approved in the Board of Directors' meeting on February 22, 2023.

Information about the appropriation of 2024 earnings proposed in the Board of Directors' meeting on February 26, 2025 was as follows:

	Appropriation of Earnings	Dividend per Share (NT$)
	2024	2024
Legal reserve	$ 86,323	-
Reversal of special reserve	(89,146)	-
Cash dividends	640,692	$ 2.50

Please refer to Note 6(22) for information on the accrual basis and the amounts recognized for compensation to employees and remuneration to directors.

D. Non-controlling interests (NCIs)

	Years Ended December 31	
	2024	2023
Beginning balance	$ 81,325	$ 144,043
Net loss attributable to NCIs	(60,288)	(62,251)
Other comprehensive income attributable to NCIs:		
Exchange differences arising on translation of foreign operations	460	(467)
Ending balance	$ 21,497	$ 81,325

(18) Share-based payment plan

The Group's employees are entitled to receive share-based payments as part of their compensation. Transactions are accounted for as equity-settled share-based payment transactions where employees provide services as consideration for equity instruments.

A. Employee share-based payment plan of the parent company

The Company issued employees stock options of 3,000 units on February 22, 2023. Each unit is entitled to 1,000 common stocks of the Company. Parties eligible to receive the options include employees of the Company and its subsidiaries who met certain conditions. Exercise price of the option is the closing price of the Company's stocks on the grant date. Employees can exercise their options two years after the grant date by the vesting schedule. The Company would issue new shares for settlement when employees exercise their options.

The Black-Scholes-Merton pricing model is used to estimate the fair value of options on the grant date. Parameters and assumptions applied take into account the terms and conditions of the contract.

The options have a duration of five years and cash settlement is not an alternative. The Group has never adopted cash settlement for options granted under such plans in the past.

Details of the aforementioned share-based payment plan are as follows:

Grant Date	Total Unit (in Thousands)	Exercise Price per Unit (NT$) (Note)
2023.2.22	3,000	42.30

Note: Once options are issued, the exercise price shall be adjusted according to the formula set out in the Rules Governing the Issuance and Exercise of Employee Options if there are changes in the Company's common stocks or if cash dividends on common stocks have a payout ratio exceeding 1.5% of the market price per share.

For share-based payment plan granted in the year ended December 31, 2023, assumptions used in the pricing model for estimating the fair value of options on the grant date were as follows:

	2023.2.22
Dividend yield ratio (%)	0%
Expected volatility (%)	28.80%~29.49%
Risk-free interest rate (%)	1.15%~1.16%
Expected option life (year)	3.5~4.0
Pricing model	Black-Scholes-Merton option pricing model
Weighted average fair value of options granted during the period (NT$)	10.12

Details of the parent company's employee stock option plan were as follows:

	Year Ended December 31, 2024			
	No. of Options Outstanding (in thousands)	Weighted Average Exercise Price (NT$)	Range of Exercise Price (NT$)	Weighted Average Remaining Life (Year)
Outstanding at beginning of period	2,880	$ 39.9		
Granted	-	-		
Forfeited	(445)	39.9		
Exercised	-	-		
Expired	-	-		
Outstanding at end of period	2,435	37.6	$ 37.6	3.08
Exercisable at end of period	-	-		

	Year Ended December 31, 2023			
	No. of Options Outstanding (in thousands)	Weighted Average Exercise Price (NT$)	Range of Exercise Price (NT$)	Weighted Average Remaining Life (Year)
Outstanding at beginning of period	-	$ -		
Granted	3,000	42.3		
Forfeited	(120)	39.9		
Exercised	-	-		
Expired	-	-		
Outstanding at end of period	2,880	39.9	$ 39.9	4.08
Exercisable at end of period	-	-		

B. Expenses of the share-based payment plan were as follows:

	Years Ended December 31	
	2024	2023
Expenses recognized for the share-based payment transactions (equity-settled share-based payments)	$ 8,088	$ 11,033

C. The Group did not cancel or modify its share-based payment plans for the years ended December 31, 2024 and 2023.

(19) Operating revenue

	Years Ended December 31	
	2024	2023
Revenue from sale of goods	$ 9,938,135	$ 8,150,519

A. Revenue breakdown

	Years Ended December 31	
	2024	2023
Timing of revenue recognition:		
At a point in time	$ 9,938,135	$ 8,150,519

B. Contract balances

Contract liabilities - current	December 31, 2024	December 31, 2023	December 31, 2022
Sale of goods	$ 1,156	$ 1,473	$ 758

Beginning balance of contract liabilities reclassified to revenue amounted to NT$1,473 thousand and NT$758 thousand for the years ended December 31, 2024 and 2023, respectively.

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(20) Expected credit loss

	Years Ended December 31	
	2024	2023
Operating expenses - expected credit loss		
Accounts receivable	$ 28,434	$ 2,962
Non-operating income and expenses - expected credit loss		
Other receivables (Note)	29,571	-
Total	$ 58,005	$ 2,962

(Note) In March 2024, our subsidiary Rudong Fuzhan returned the right-of-use of undeveloped land to Rudong County's land administration agency according to the contract. Land auction proceeds, net of taxes, would be paid as compensation to Rudong Fuzhan. As it was difficult to estimate the timing of the compensation, the Company recognized an equivalent amount of credit loss of RMB 6,635 thousand based on a conservative assessment.

Please refer to Note 12 for information concerning credit risk.

For receivables (including notes and accounts receivables), the Group measured the loss allowance at an amount equal to lifetime expected credit losses. The assessment on the loss allowance as of December 31, 2024 and 2023 was as follows:

December 31, 2024

	Not Past Due (Note)	Past Due: Within 90 Days	Past Due: 91-180 Days	Past Due: Over 181 Days	Total
Gross carrying amount	$ 3,753,022	$ 76,157	$ 402	$ 34,371	$ 3,863,952
Loss ratio	1.03%	9.14%	76.62%	100%	
Lifetime expected credit losses	38,477	6,962	308	34,371	80,118
Subtotal	$ 3,714,545	$ 69,195	$ 94	$ -	$ 3,783,834

December 31, 2023

	Not Past Due (Note)	Past Due: Within 90 Days	Past Due: 91-180 Days	Past Due: Over 181 Days	Total
Gross carrying amount	$ 3,735,805	$ 96,216	$ 7,722	$ 27,864	$ 3,867,607
Loss ratio	0.46%	6.23%	19.99%	96.49%	
Lifetime expected credit losses	17,164	5,996	1,544	26,886	51,590
Subtotal	$ 3,718,641	$ 90,220	$ 6,178	$ 978	$ 3,816,017

(Note): None of the Group's notes receivables was overdue.

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Movements in the loss allowance for receivables in the years ended December 31, 2024 and 2023 were as follows:

	Receivables	Other Receivables	Total
Balance as of January 1, 2024	$ 51,590	$ -	$ 51,590
Appropriated in the current period	28,434	29,571	58,005
Write off	(1,219)	-	(1,219)
Effect of exchange rate changes	1,313	167	1,480
Balance as of December 31, 2024	$ 80,118	$ 29,738	$ 109,856

	Receivables	Other Receivables	Total
Balance as of January 1, 2023	$ 49,836	$ -	$ 49,836
Appropriated in the current period	2,962	-	2,962
Write off	(513)	-	(513)
Effect of exchange rate changes	(695)	-	(695)
Balance as of December 31, 2023	$ 51,590	$ -	$ 51,590

(21) Leases

A. The Group being a lessee

The Group leases various assets with lease terms ranging from 2 to 50 years.

The effects of leases on financial status, financial performance and cash flows of the Group were as follows:

(a) Amounts recognized in the balance sheets

i. Right-of-use assets

Carrying amount of right-of-use assets

	December 31, 2024	December 31, 2023
Land	$ 253,273	$ 325,516
Buildings	6,785	14,600
Transportation equipment	25,082	23,052
Total	$ 285,140	$ 363,168

The Group's right-of-use assets increased by NT$26,273 thousand and NT$12,851 thousand for the years ended December 31, 2024 and 2023, respectively.

ii. Lease liabilities

	December 31, 2024	December 31, 2023
Current	$ 18,759	$ 19,775
Non-current	200,916	247,359
Lease liabilities	$ 219,675	$ 267,134

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Please refer to Note 6(23)D Finance costs for details on interest expenses of lease liabilities for the years ended December 31, 2024 and 2023 and Note 12(5) Liquidity risk management for the maturity analysis on lease liabilities as of December 31, 2024 and 2023.

(b) Amounts recognized in the statements of comprehensive income

Depreciation of right-of-use assets

	Years Ended December 31	
	2024	2023
Land	$ 7,274	$ 8,493
Buildings	11,049	10,330
Transportation equipment	11,641	9,943
Total	$ 29,964	$ 28,766

(c) Lessee's income and expenses associated with leasing activities

	Years Ended December 31	
	2024	2023
Expense of short-term leases	$ 88,479	$ 90,214
Expense of leases of low value assets (excluding short-term leases of low value assets)	5,499	4,001

(d) Lessee's cash outflows associated with leasing activities

The Group's cash outflows from leases amounted to NT$123,075 thousand and NT$126,596 thousand for the years ended December 31, 2024 and 2023, respectively.

(e) Other information associated with leasing activities

Options to extend or terminate the lease

Some of the Group's property leases contain options to extend or terminate the leases. When determining the lease term, it shall be the non-cancellable period where the lessee has the right to use the underlying asset, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease where the Group is reasonably certain not to exercise that option. The use of those options can maximize the flexibility in managing the contracts. The majority of options to extend or terminate the leases can only be exercised by the Group. The Group would reassess the lease periods when a significant event or a significant change in circumstances occurs (that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term) after the commencement date.

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(22) Summary statement of employee benefits, depreciation and amortization expenses by function:

Function / Nature	Years Ended December 31					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	581,127	514,437	1,095,564	496,616	458,790	955,406
Labor and health insurance	60,660	41,879	102,539	57,227	40,610	97,837
Pension	25,300	17,964	43,264	24,278	18,140	42,418
Remuneration to directors	-	16,916	16,916	-	11,687	11,687
Other employee benefits	68,419	36,326	104,745	56,595	33,015	89,610
Depreciation	412,485	95,259	507,744	357,727	78,227	435,954
Amortization	2,410	19,424	21,834	3,328	19,923	23,251

According to the Company's Articles of Incorporation, when the Company makes a profit for the year, the compensation to employees shall not be lower than five percent of the balance and the remuneration to directors shall not be higher than four percent of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation to employees and remuneration to directors. The above-mentioned compensation to employees can be made in the form of stock or cash by a resolution adopted by a majority vote at a Board of Directors' meeting attended by at least two-thirds of the total number of directors. A report of such distribution shall be submitted to the shareholders' meeting. Information on the compensation to employees and remuneration to directors resolved or reported at the meetings of Board of Directors and shareholders is available at the Market Observation Post System website.

If the Board of Directors resolved to distribute compensation to employees in the form of stock, the closing price of stocks on the date preceding the resolution shall be the basis in calculating the number of stocks to be distributed. If the amount accrued differed from the amount resolved in the Board of Directors' meeting, the difference would be recognized in the profit or loss of the following year.

Information on 2024 and 2023 compensation to employees and remuneration to directors resolved in the Board of Directors' meetings on February 26, 2025 and February 20, 2024, respectively, was as follows:

	Years Ended December 31	
	2024	2023
Compensation to employees	$ 60,132	$ 41,163
Remuneration to directors	16,442	11,256

The difference between 2024 compensation to employees and remuneration to directors resolved in the Board of Directors' meeting in 2025 and the amount accrued was recognized in the profit or loss of the following year.

The 2023 compensation to employees and remuneration to directors reported in the shareholders' meeting were not significantly different from the amounts resolved in the Board of Directors' meeting on February 20, 2024 and the amounts recognized as expenses in the financial statements.

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(23) Non-operating income and expenses

A. Interest income

	Years Ended December 31	
	2024	2023
Interest income	$ 36,731	$ 27,568

B. Other income

	Years Ended December 31	
	2024	2023
Other income	$ 26,168	$ 47,126

C. Other gains and losses

	Years Ended December 31	
	2024	2023
Loss on disposal of property, plant and equipment	$ (33,450)	$ (308)
Foreign exchange gain (loss), net	131,544	(40,023)
(Loss) gain on financial assets (liabilities) at fair value through profit or loss, net	(31,054)	5,345
Gain on disposal of investments accounted for using the equity method	4,178	807
Impairment loss - property, plant and equipment	(26,228)	-
Other losses	(6,585)	(2,176)
Total	$ 38,405	$ (36,355)

D. Finance costs

	Years Ended December 31	
	2024	2023
Interest on bank loans	$ (15,984)	$ (9,374)
Interest on lease liabilities	(4,618)	(4,981)
Interest on bonds payable	(10,743)	(18,101)
Total	$ (31,345)	$ (32,456)

E. Components of other comprehensive income

For the year ended December 31, 2024

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plan	$ 21,643	$ -	$ 21,643	$ (4,329)	$ 17,314

(Continued)

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	$ 465,128	$ -	$ 465,128	$ -	$ 465,128
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	159,930	-	159,930	(31,974)	127,956
Total	$ 646,701	$ -	$ 646,701	$ (36,303)	$ 610,398

(Concluded)

For the year ended December 31, 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plan	$ 28,134	$ -	$ 28,134	$ (5,626)	$ 22,508
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	170,972	-	170,972	-	170,972
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	(32,443)	-	(32,443)	6,488	(25,955)
Total	$ 166,663	$ -	$ 166,663	$ 862	$ 167,525

(24) Income tax

A. The major components of income tax expense were as follows:

Income tax recognized in profit or loss

	Years Ended December 31	
	2024	2023
Current income tax expense (benefit):		
Current income tax payable	$ 156,402	$ 117,299
Income tax adjustments on prior years	274	(27,558)
Tax refund for funds repatriation program	(5,706)	-
Effect of exchange rate changes	(109)	510
Deferred income tax expense (benefit):		
Income tax expense (benefit) relating to origination and reversal of temporary differences	17,651	31,345
Income tax expense	$ 168,512	$ 121,596

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Income tax recognized in other comprehensive income

	Years Ended December 31	
	2024	2023
Deferred income tax expense:		
Remeasurement of defined benefit plan	$ 4,329	$ 5,626
Exchange differences arising on translation of foreign operations	31,974	(6,488)
Income tax relating to components of other comprehensive income	$ 36,303	$ (862)

B. The reconciliation of income tax expense and income tax based on pre-tax net income at the statutory tax rate was as follows:

	Years Ended December 31	
	2024	2023
Income before income tax from continuing operations	$ 701,000	$ 482,319
Income tax expense at the statutory rate of the parent company	$ 140,200	$ 96,464
Tax effects of tax-exempt income	(1,948)	(2,876)
Tax effects of non-deductible expenses for taxable income	2,861	2,991
Tax effects of deferred income tax assets/liabilities	17,651	31,345
Income tax adjustments on prior years	274	(27,558)
Tax effects of other tax adjustments	9,474	21,230
Income tax expense recognized in profit or loss	$ 168,512	$ 121,596

C. Balance of deferred income tax assets (liabilities):

	Year Ended December 31, 2024				
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized in Equity	Ending Balance
Temporary differences					
Exchange gain or loss	$ 4,285	$ (22,679)	$ -	$ -	$ (18,394)
Allowance for inventory valuation and obsolescence loss	58,790	(8,481)	-	-	50,309
Gain (loss) on investments accounted for using the equity method	(69,641)	17,008	(31,974)	-	(84,607)
Unrealized intra-group profits and losses	3,605	2,282	-	-	5,887
Impairment of assets	1,358	(38)	-	-	1,320
Loss allowance	4,986	912	-	-	5,898
Net defined benefit liabilities	26,528	801	(4,329)	-	23,000
Others	9,062	(4,986)	-	-	4,076
Deferred income tax benefit (expense)		$ (15,181)	$ (36,303)	$ -	
Net deferred income tax assets (liabilities)	$ 38,973				$ (12,511)

(Continued)

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Year Ended December 31, 2024				
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized in Equity	Ending Balance
Reflected in balance sheet as follows:					
Deferred income tax assets	$ 157,049				$ 135,495
Deferred income tax liabilities	$ (118,076)				$ (148,006)

(Concluded)

	Year Ended December 31, 2023				
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized in Equity	Ending Balance
Temporary differences					
Exchange gain or loss	$ (5,210)	$ 9,495	$ -	$ -	$ 4,285
Allowance for inventory valuation and obsolescence loss	50,283	8,507	-	-	58,790
Gain (loss) on investments accounted for using the equity method	(81,071)	4,942	6,488	-	(69,641)
Unrealized intra-group profits and losses	4,490	(885)	-	-	3,605
Impairment of assets	1,364	(6)	-	-	1,358
Loss allowance	3,657	1,329	-	-	4,986
Net defined benefit liabilities	35,829	(3,675)	(5,626)	-	26,528
Others	57,875	(48,813)	-	-	9,062
Deferred income tax benefit (expense)		$ (29,106)	$ 862	$ -	
Net deferred income tax assets (liabilities)	$ 67,217				$ 38,973
Reflected in balance sheet as follows:					
Deferred income tax assets	$ 175,599				$ 157,049
Deferred income tax liabilities	$ (108,382)				$ (118,076)

D. Unrecognized deferred income tax assets:

As of December 31, 2024 and 2023, deferred income tax assets that had not been recognized by the Group amounted to NT$81,517 thousand and NT$58,220 thousand, respectively.

E. The assessment of income tax returns:

As of December 31, 2024, the assessment of the Group's income tax returns in ROC was as follows:

	Assessment of Income Tax Returns
The Company	Assessed and approved up to 2021
Subsidiary - Koatech Technology Corporation	Assessed and approved up to 2022
Subsidiary - Taichem Materials Co., Ltd.	Assessed and approved up to 2022

(25) Earnings per share (EPS)

	Year Ended December 31, 2024		
	Amount after-tax	Weighted average number of outstanding shares (in thousands)	EPS (NT$)
Basic EPS			
Net income attributable to common shareholders of the Company	$ 592,776	234,718	$ 2.53
Diluted EPS			
Effect of dilutive potential common stocks			
Interest on convertible bonds	8,594	21,568	
Employee compensation - stock	-	1,341	
Employee stock options	-	1,556	
Net income attributable to common shareholders of the Company and effect of potential common stocks	$ 601,370	259,183	$ 2.32

	Year Ended December 31, 2023		
	Amount after-tax	Weighted average number of outstanding shares (in thousands)	EPS (NT$)
Basic EPS			
Net income attributable to common shareholders of the Company	$ 422,974	218,736	$ 1.93
Diluted EPS			
Effect of dilutive potential common stocks			
Interest on convertible bonds	14,481	40,859	
Employee stock options	-	839	
Employee compensation - stock	-	2,510	
Net income attributable to common shareholders of the Company and effect of potential common stocks	$ 437,455	262,944	$ 1.66

(Note): The EPS calculation had been retrospectively adjusted to account for the impact of stock dividend. The ex-rights date was set on July 29, 2024.

7. Related Party Transactions

(1) Names and relationships

Name	Relationship
Innatech Co., Ltd. (Innatech)	A substantive related party of the Group
SINYA Digital Co., Ltd. (SINYA Digital)	A substantive related party of the Group

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(2) Significant transactions with related parties

A. Prepayments

	December 31, 2024	December 31, 2023
Innatech	$ 420	$ 468
SINYA Digital	83	284
Total	$ 503	$ 752

B. Other payables - related parties

	December 31, 2024	December 31, 2023
Innatech	$ 2,544	$ 431
SINYA Digital	4,299	1,409
Total	$ 6,843	$ 1,840

C. Property transactions

Acquisition of property, plant and equipment

	Years Ended December 31	
	2024	2023
Innatech	$ 766	$ 2,300
SINYA Digital	295	-
Total	$ 1,061	$ 2,300

Acquisition of intangible assets

	Years Ended December 31	
	2024	2023
Innatech	$ -	$ 1,627

D. Others

Operating expenses

	Years Ended December 31	
	2024	2023
Innatech	$ 3,221	$ 3,257
SINYA Digital	8,591	1,083
Total	$ 11,812	$ 4,340

E. Compensation to key management of the Group

	Years Ended December 31	
	2024	2023
Short-term employee benefits	$ 112,466	$ 112,316
Post-employment benefits	2,166	1,874
Total	$ 114,632	$ 114,190

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

8. Pledged Assets

The following table listed assets of the Group pledged as collateral:

	Carrying Amount		
	December 31, 2024	December 31, 2023	Purpose of Pledge
Time deposits (Note)	$ 43,710	$ 42,827	Customs guarantee
Land	100,843	100,843	Long-term loans
Buildings	53,529	57,788	Letter of credit, short-term credit facilities and long-term loans
Machinery and equipment	-	9,824	Long-term loans
Total	$ 198,082	$ 211,282	

(Note): These were recognized as other current assets - other.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

Details of the Group's unused letters of credit as of December 31, 2024 were as follows:

	L / C Balance
USD	US$ 13,447 thousand

10. Significant Disaster Loss

None.

11. Significant Subsequent Events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	December 31, 2024	December 31, 2023
Financial assets at fair value through profit or loss	$ 32,401	$ 32,713
Financial assets at fair value through other comprehensive income	436,144	426,661
Financial assets at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	2,888,561	1,964,549
Financial assets at amortized cost	200,000	-
Receivables	3,881,817	3,868,930
Other financial assets - current	43,710	42,827

Financial liabilities

	December 31, 2024	December 31, 2023
Financial liabilities at fair value through profit or loss	$ 2,254	$ 1,570

(Continued)

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	December 31, 2024	December 31, 2023
Financial liabilities at amortized cost:		
Short-term loans	$ 343,783	$ 218,859
Payables	2,190,981	1,713,004
Bonds payable (including current portion)	245,543	1,891,501
Long-term loans (including current portion)	344,333	381,981
Lease liabilities (current and non-current)	219,675	267,134

(Concluded)

(2) Objectives and policies of financial risk management

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

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

(3) Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises foreign currency risk, interest rate risk and other price risks.

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

A. Foreign currency risk

The Group's exposure to foreign currency risk relates primarily to its operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and net investments in foreign operations.

The Group has certain receivables denominated in the same foreign currency as certain payables; therefore, natural hedge is achieved. The Group also uses forward foreign exchange contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as the said nature hedge and forward foreign exchange contracts do not qualify for hedge accounting criteria. Furthermore, as net investments in foreign operations are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis focusing on the impact of foreign exchange rate fluctuations on the Group's profit or loss and equity is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates of U.S. dollars and Chinese Yuan.

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

B. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to its variable interest rates for loans.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans.

C. Equity price risk

Equity securities of listed domestic companies held by the Group are susceptible to price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors shall review all equity investment decisions and approve where appropriate.

A 5% increase/decrease in the prices of listed companies' stocks classified as at fair value through profit or loss could cause the profit or loss for the years ended December 31, 2024 and 2023 to increase/decrease by NT$1,528 thousand and NT$1,388 thousand, respectively.

A 5% increase/decrease in the prices of listed companies' stocks classified as at fair value through other comprehensive income could cause the comprehensive income for the years ended December 31, 2024 and 2023 to increase/decrease by NT$21,807 thousand and NT$21,333 thousand, respectively.

D. Pre-tax sensitivity analysis was as follows:

For the year ended December 31, 2024

Key Risk	Variation	Sensitivity of Profit or Loss
Foreign currency risk	NTD/USD appreciate/depreciate by 1%	-/+ NT$16,685 thousand
	NTD/RMB appreciate/depreciate by 1%	-/+ NT$ 8,342 thousand
Interest rate risk	Market interest rate increase/decrease by 10 basis points	+/- NT$ 2,444 thousand

For the year ended December 31, 2023

Key Risk	Variation	Sensitivity of Profit or Loss
Foreign currency risk	NTD/USD appreciate/depreciate by 1%	-/+ NT$16,384 thousand
	NTD/RMB appreciate/depreciate by 1%	-/+ NT$ 8,027 thousand
Interest rate risk	Market interest rate increase/decrease by 10 basis points	+/- NT$ 1,407 thousand

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Group is exposed to credit risk from operating activities (primarily accounts and notes receivable) and financing activities (primarily bank deposits and various financial instruments).

Credit risk is managed by each business unit subject to the Group's credit risk policies, procedures and controls. Credit risk of all counterparties is assessed by considering their financial position and ratings from credit rating agencies, past experience, current economic environment, the Group's internal rating criteria, etc. The Group also uses some credit enhancement tools, such as prepayments or insurances, to reduce the credit risk of certain counterparties.

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Credit risk from balances with banks and other financial instruments is managed by the Group in accordance with the Group's policies. The counterparties that the Group transacts with are reputable financial institutions both at home and abroad; thus, no significant credit risk is expected.

(5) Liquidity risk management

The Group maintains its financial flexibility through the use of cash and cash equivalents, highly-liquid marketable securities, bank loans, convertible bonds and leases. The table below summarized the maturity profile of the Group's financial liability contracts based on the earliest repayment dates and contractual undiscounted cash flows. The amount also included the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates was extrapolated based on the yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
December 31, 2024					
Borrowings	$ 372,093	$ 148,690	$ 189,776	$ -	$ 710,559
Payables	2,190,981	-	-	-	2,190,981
Convertible bonds	-	250,110	-	-	250,110
Lease liabilities	24,009	27,637	17,653	219,943	289,242
December 31, 2023					
Borrowings	$ 265,365	$ 185,667	$ 119,289	$ 52,266	$ 622,587
Payables	1,713,004	-	-	-	1,713,004
Convertible bonds	1,945,300	-	-	-	1,945,300
Lease liabilities	24,862	35,959	20,328	270,937	352,086

Derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
December 31, 2024					
Inflows	$ 517,298	$ -	$ -	$ -	$ 517,298
Outflows	519,698	-	-	-	519,698
Net	$ (2,400)	$ -	$ -	$ -	$ (2,400)
December 31, 2023					
Inflows	$ 25,880	$ -	$ -	$ -	$ 25,880
Outflows	26,000	-	-	-	26,000
Net	$ (120)	$ -	$ -	$ -	$ (120)

The derivative financial liabilities in the table above were expressed using undiscounted net cash flows.

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2024:

	Short-term Loans	Long-term Loans	Lease Liabilities	Guarantee Deposits Received	Bonds Payable	Total Liabilities from Financing Activities
As of January 1, 2024	$ 218,859	$ 381,981	$ 267,134	$ 15,999	$ 1,891,501	$ 2,775,474
Cash flows	124,924	(37,648)	(29,097)	(14,258)	-	43,921
Non-cash movements	-	-	(18,362)	-	(1,645,958)	(1,664,320)
As of December 31, 2024	$ 343,783	$ 344,333	$ 219,675	$ 1,741	$ 245,543	$ 1,155,075

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

	Short-term Loans	Long-term Loans	Lease Liabilities	Guarantee Deposits Received	Bonds Payable	Total Liabilities from Financing Activities
As of January 1, 2023	$ 255,000	$ 374,476	$ 281,770	$ 255	$ 1,873,400	$ 2,784,901
Cash flows	(36,141)	7,505	(32,381)	15,744	-	(45,273)
Non-cash movements	-	-	17,745	-	18,101	35,846
As of December 31, 2023	$ 218,859	$ 381,981	$ 267,134	$ 15,999	$ 1,891,501	$ 2,775,474

(7) Fair values of financial instruments

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

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

(a) The carrying amount of cash and cash equivalents, receivables, short-term loans, payables and other current liabilities approximates their fair value due to short maturity terms.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on quoted market prices (e.g., listed equity securities).

(c) For bank loans and bonds payable with no quoted market price, the fair value is determined by the quoted price of the counterparty or valuation techniques. The latter is based on the discounted cash flow analysis with assumptions of interest rates and discount rates primarily founded on relevant information of similar instruments.

(d) In terms of derivative financial instruments with no quoted market price, the fair value of non-option derivatives is determined by the quoted price of the counterparty or the discounted cash flow analysis using the applicable yield curve for the contract duration. As for option derivatives, the quoted price of the counterparty or the appropriate option pricing models (e.g., the Black-Sholes model or the binomial tree valuation model of convertible bonds) are adopted to calculate the fair value.

B. Fair value of financial instruments measured at amortized cost

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

C. Information on the fair value hierarchy of financial instruments

Please refer to Note 12(9) for details.

(8) Derivative instruments

As of December 31, 2024 and 2023, the Group's derivative instruments that were not eligible for hedge accounting and were outstanding were listed as follows:

A. Forward foreign exchange contracts that were not eligible for hedge accounting and were outstanding as of the balance sheet dates were listed as follows:

Currency	Contract Period	Contract Amount (in thousands)
December 31, 2024		
Sell RMB/Buy NTD	2024.08~2025.06	RMB 90,000/NT$ 403,023
Sell USD/Buy NTD	2024.10~2025.01	US$ 3,000/NT$ 96,425
December 31, 2023		
Sell RMB/Buy NTD	2023.09~2024.05	RMB 90,000/NT$ 392,334
Sell USD/Buy NTD	2023.11~2024.01	US$ 1,000/NT$ 31,345

B. Foreign exchange swap contracts that were not eligible for hedge accounting and were outstanding as of the balance sheet dates were listed as follows:

Currency	Contract Period	Contract Amount (in thousands)
December 31, 2024		
Sell RMB/Buy NTD	2024.10~2025.04	RMB 4,000/NT$ 17,850
December 31, 2023		
Sell RMB/Buy NTD	2023.08~2024.04	RMB 6,000/NT$ 25,880

For transactions involving forward foreign exchange contracts and foreign exchange swap contracts, the main purpose is to hedge the foreign currency risk of net assets or liabilities denominated in foreign currencies. As there will be corresponding cash inflows or outflows upon expiration and the Company has sufficient operation funds, no significant cash flow risk is expected.

Embedded derivative instruments

Embedded derivative instruments identified from convertible bonds were separated from the host contract and measured at fair value through profit or loss. Please refer to Note 6(14) for details on relevant contracts.

(9) Fair value hierarchy

A. Definition of fair value hierarchy

For assets and liabilities measured or disclosed in fair values, they are categorized in the level of the lowest level input that is significant to the entire measurement. Inputs of each level are as follows:

Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities at the measurement date

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

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Level 3 inputs are unobservable inputs for the asset or liability

For assets and liabilities measured on a recurring basis, their categories shall be reevaluated at the end of each reporting period to determine if there is any transfer between different levels of fair value hierarchy.

B. Hierarchy of fair value measurement

The Group does not have assets that are measured at fair value on a non-recurring basis. The fair value hierarchy of assets and liabilities measured on a recurring basis was disclosed as follows:

	Level 1	Level 2	Level 3	Total
December 31, 2024				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$ -	$ 1,705	$ -	$ 1,705
Foreign exchange swap contracts	-	16	-	16
Stocks	30,555	-	-	30,555
Embedded derivative instruments	-	-	125	125
Financial assets at fair value through other comprehensive income	436,144	-	-	436,144
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	2,254	-	2,254

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$ -	$ 4,867	$ -	$ 4,867
Foreign exchange swap contracts	-	92	-	92
Stocks	27,754	-	-	27,754
Financial assets at fair value through other comprehensive income	426,661	-	-	426,661
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts				
Foreign exchange swap contracts	-	14	-	14
Embedded derivative instruments	-	-	1,556	1,556

C. Transfers between Level 1 and Level 2 fair value hierarchy

For the years ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value hierarchy.

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

D. Movements in Level 3 fair value hierarchy for items measured on a recurring basis

Reconciliation of Level 3 fair value hierarchy for assets and liabilities measured on a recurring basis was as follows:

	Assets	Liabilities
	At Fair Value through Profit or Loss	At Fair Value through Profit or Loss
	Derivatives	Derivatives
January 1, 2024	$ -	$ (1,556)
Total income (loss) recognized for the period		
Recognized in profit or loss (under "other gains and losses")	1,593	1,751
Reclassification	195	(195)
Derecognized during the period	(1,663)	-
December 31, 2024	$ 125	$ -
January 1, 2023	$ -	$ (16,730)
Total income (loss) recognized for the period		
Recognized in profit or loss (under "other gains and losses")	-	15,174
December 31, 2023	$ -	$ (1,556)

E. Significant unobservable inputs for Level 3 fair value measurement

Significant unobservable inputs for recurring Level 3 fair value measurements of assets were as follows:

	Valuation Technique	Significant Unobservable Input	Quantitative Information	Relationship between Inputs and Fair Value	Sensitivity of Inputs to Fair Value
December 31, 2024					
Financial liabilities:					
At fair value through profit or loss					
Embedded derivative instruments	Binomial tree valuation model of convertible bonds	Volatility	35.77%	The higher the volatility, the higher the fair value estimates	A 5% increase/decrease in volatility could cause the profit or loss of the Group to increase by NT$125 thousand/ decrease by NT$75 thousand

	Valuation Technique	Significant Unobservable Input	Quantitative Information	Relationship between Inputs and Fair Value	Sensitivity of Inputs to Fair Value
December 31, 2023					
Financial liabilities:					
At fair value through profit or loss					
Embedded derivative instruments	Binomial tree valuation model of convertible bonds	Volatility	15.76%	The higher the volatility, the higher the fair value estimates	A 5% increase/decrease in volatility could cause the profit or loss of the Group to increase/ decrease by NT$195 thousand

F. Valuation process for Level 3 fair value measurement

The valuation process for Level 3 fair value measurement involves having the finance department carries out independent fair value verification for financial instruments. Data from independent sources are used to deliver outcomes that reflect the market and are representative of the executable prices. Data sources are examined for independence, reliability and consistency with other resources while inputs and information for the valuation model are remeasured or reassessed periodically along with any other necessary fair value adjustments to ensure the measurements are reasonable.

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

Information on significant financial assets and liabilities denominated in foreign currencies was listed below:

	December 31, 2024			December 31, 2023		
	Foreign Currencies (in thousands)	Exchange Rate	NTD	Foreign Currencies (in thousands)	Exchange Rate	NTD
Financial assets						
Monetary items						
USD	$ 79,136	32.806	$ 2,596,136	$ 82,763	30.750	$ 2,544,948
RMB	189,237	4.4817	848,102	190,299	4.3333	824,621
JPY	79,602	0.2099	16,708	81,406	0.2175	17,706
Financial liabilities						
Monetary items						
USD	$ 28,283	32.806	$ 927,852	$ 29,480	30.750	$ 906,512
RMB	3,106	4.4817	13,920	4,920	4.3333	21,321
JPY	154,768	0.2099	32,486	141,825	0.2175	30,847

The data above was disclosed based on the carrying amounts of foreign currencies (already translated to the functional currency).

As entities within the Group transact in various currencies, the exchange gain (loss) of monetary financial assets and liabilities cannot be disclosed by currencies of significant influence. For the years ended December 31, 2024 and 2023, the Group’s foreign exchange gain (loss) amounted to NT$131,544 thousand and NT$(40,023) thousand, respectively.

(11) Capital management

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

13. Additional Disclosures

(1) Information on significant transactions and investees

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

B. Endorsement/guarantee provided to others: Please refer to Table 2.

C. Marketable securities held as of December 31, 2024 (excluding investments in subsidiaries, associates and joint ventures): Please refer to Table 3.

D. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital: Please refer to Table 4.

E. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital: None.

F. Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital: None.

G. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital: Please refer to Table 5.

H. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital: Please refer to Table 6.

I. Investees over which the Company exercises significant influence or control directly or indirectly (excluding investees in mainland China): Please refer to Table 7.

J. Derivative financial instrument transactions: Please refer to Note 12.

K. Others: intercompany relationships and significant intercompany transactions: Please refer to Table 9.

(2) Information on investments in mainland China: Please refer to Table 8.

(3) Information on major shareholders: Please refer to Table 10.

14. Operating Segment

For management purposes, the Group is organized into operating segments based on business units with independent operations at each region. The two reportable operating segments are as follows:

The general management segment is responsible for the Group’s operation planning and owns manufacturing, R&D and sales functions.

The overseas segment owns manufacturing and sales functions.

Operating segments have not been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of decision-making on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and measured consistently with methods applied to operating profit or loss in the consolidated financial statements. However, finance costs, financial benefits and income taxes are managed on the Group basis and are not allocated to operating segments.

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Segment income (loss)

For the year ended December 31, 2024

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	$ 7,095,573	$ 2,842,562	$ -	$ 9,938,135
Inter-segment	1,664,420	1,569,843	(3,234,263)	-
Total revenue	$ 8,759,993	$ 4,412,405	$ (3,234,263)	$ 9,938,135
Segment income (loss) (before income tax)	$ 785,144	$ (170,060)	$ 85,916	$ 701,000

Note: Inter-segment revenues were eliminated upon consolidation.

For the year ended December 31, 2023

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	$ 5,681,062	$ 2,469,457	$ -	$ 8,150,519
Inter-segment	1,636,704	1,059,672	(2,696,376)	-
Total revenue	$ 7,317,766	$ 3,529,129	$ (2,696,376)	$ 8,150,519
Segment income (loss) (before income tax)	$ 499,243	$ (42,035)	$ 25,110	$ 482,318

Note: Inter-segment revenues were eliminated upon consolidation.

Assets of the Group's operating segments as of December 31, 2024 and 2023 were summarized below:

	General Management	Overseas	Adjustment and Elimination	Total
As of December 31, 2024	$ 10,099,912	$ 6,875,695	$ (2,448,116)	$ 14,527,491
As of December 31, 2023	$ 9,209,339	$ 5,990,101	$ (2,167,978)	$ 13,031,462

(2) Geographic information

A. Revenue from external customers:

Region	Years Ended December 31 2024	Years Ended December 31 2023
Taiwan	$ 2,859,824	$ 2,609,349
Mainland China	6,697,558	5,363,242
Others	380,753	177,928
Total	$ 9,938,135	$ 8,150,519

Revenue was categorized based on countries where customers are located.

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

B. Non-current assets:

Region	December 31, 2024	December 31, 2023
Taiwan	$ 4,585,495	$ 4,651,513
Mainland China	1,165,752	1,005,263
Total	$ 5,751,247	$ 5,656,776

(3) Major customers

Customers accounted for at least 10% of the Group's operating revenue for the years ended December 31, 2024 and 2023 were as follows:

Name	Years Ended December 31 2024	Years Ended December 31 2023
Customer A	$ 1,359,963	$ 901,758
Customer B	1,319,242	1,150,996
Customer C	1,069,040	664,514
Customer D	1,026,756	817,520

TABLE 1: FINANCING PROVIDED TO OTHERS (In Thousands of New Taiwan Dollars)

No. (Note 1)	Financing Company	Borrower	Financial Statement Account (Note 2)	Whether A Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Note 11)	Amount Actually Drawn (Note 12)	Interest Rate Range	Nature of Financing (Note 4)	Transaction Amount (Note 5)	Reason for Short-term Financing (Note 6)	Loss Allowance	Collateral		Financing Limit for Individual Borrower	Limit on Total Financing Amount	Note
													Item	Value			
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	Other receivables - related parties	Y	$ 262,624	$ -	$ -	1.70%~4.00%	2	-	Operating capital	-	-	-	$ 2,128,806	$ 4,257,611	(Note 7)
1	Kunshan Taiflex Electronic Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Other receivables - related parties	Y	90,826	89,634	-	2.00%~4.00%	2	-	Operating capital	-	-	-	799,054	799,054	(Note 9)
1	Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	Other receivables - related parties	Y	635,782	627,438	582,621	2.00%~4.00%	2	-	Operating capital	-	-	-	799,054	799,054	(Note 9)
2	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	Other receivables - related parties	Y	91,445	67,423	55,928	0.00%~4.00%	2	-	Operating capital	-	-	-	18,284	18,284	(Note 10)

Note 1: Companies are coded as follows:
(1) Taiflex Scientific Co., Ltd. is coded "0."
(2) The investees are coded from "1" in the order presented in the table above.

Note 2: Receivables from affiliates and related parties, shareholder transactions, prepayments, temporary payments, etc. are required to be disclosed in this field if they are financing provided to others.

Note 3: The maximum balance of financing provided to others for the year ended December 31, 2024.

Note 4: Nature of Financing is coded as follows:
(1) Business transaction is coded "1."
(2) Short-term financing is coded "2."

Note 5: If the nature of financing is business transaction, the transaction amount shall be disclosed. The transaction amount refers to the business transaction amount of the most recent year between the financing company and the borrower.

Note 6: With respect to short-term financing, the reasons of financing and the purpose of use by the borrower shall be specified, such as loan repayment, equipment acquisition or operating capital.

Note 7: The Company's "Procedures for Lending Funds to Other Parties" stipulates that the amount of financing provided shall not exceed 40% of the Company's net worth in the most recent financial statements. The amount of financing provided to a single entity shall not exceed 20% of the Company's net worth in the most recent financial statements.

Note 8: Total amount of financing to firms or companies having business relationship with the Company shall not exceed 20% of the Company's net worth. The financing amount to an individual party is limited to the transaction amount between both parties. The transaction amount means the purchase or sales amount between the parties, whichever is higher, and shall not exceed 10% of the Company's net worth. However, the lending amount to a single entity whose voting rights are 100% held, either directly or indirectly, by the Company shall not exceed 20% of the Company's net worth.

Note 9: For financing between offshore companies that the Company holds, either directly and indirectly, 100% of the voting rights, both the financing provided to a single entity and the total financing shall not exceed 100% of the financing company's net worth in the most recent financial statements.

Note 10: For financing to offshore companies that the financing company holds, either directly and indirectly, 100% of the voting rights, both the financing provided to a single entity and the total financing shall not exceed 40% of the financing company's net worth in the most recent financial statements audited or reviewed by CPAs. Due to a decrease in net worth, Koatech Technology Corporation's loan balance and the actual amount drawn have exceeded the permitted limits. Taiflex had requested Koatech Technology Corporation to develop an improvement plan pursuant to Article 16 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. The subsidiary shall present the improvement plan to each supervisor and complete the necessary improvements according to the plan's timeline.

Note 11: If public companies, pursuant to Paragraph 1, Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, resolve each individual lending at the board meetings, the amounts resolved before drawdown shall be the publicly-announced balance to disclose the risk they assume; provided however, if any repayment is made subsequently, the outstanding balance after such repayment shall be disclosed to reflect the risk adjusted. If public companies, pursuant to Paragraph 2, Article 14 of the same Regulations, authorize the chairperson by board resolution, within a certain monetary limit and a period not to exceed one year, to give loans in instalments or to make a revolving credit line available, the amount resolved shall be the publicly-announced balance. Although repayments may be made subsequently, as drawdowns are likely to happen again, the amount of financing resolved by the board shall be recorded as the publicly-announced balance.

Note 12: This is the ending balance after evaluation.

TABLE 2: ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS (In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to A Single Entity	Maximum Balance for the Period (Note 4)	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Amount of Endorsement /Guarantee Secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Endorsement Provided by Parent Company to Subsidiaries (Note 7)	Endorsement Provided by Subsidiaries to Parent Company (Note 7)	Endorsement Provided to Subsidiaries in China (Note 7)	Note
		Name	Relationship (Note 2)											
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	2	$ 5,322,014	$ 541,324	$ 393,672	$ 2,342	$ -	3.70%	$ 5,322,014	Y	N	Y	(Note 3)
0	Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	2	5,322,014	656,560	656,120	99,073	-	6.16%		Y	N	N	
0	Taiflex Scientific Co., Ltd.	Taiflex Green Power Co., Ltd.	2	5,322,014	230,000	-	-	-	0.00%		Y	N	N	
1	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	2	9,142	31,789	31,372	31,372	-	68.63%	22,854	N	N	Y	(Note 8)

Note 1: Companies are coded as follows:
(1) Taiflex Scientific Co., Ltd. is coded "0."
(2) The investees are coded from "1" in the order presented in the table above.

Note 2: The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following seven types. Please specify the type.
(1) A company that has business relationships with Taiflex.
(2) A company in which Taiflex directly or indirectly holds over 50% of the voting rights.
(3) A company that directly or indirectly holds over 50% of Taiflex's voting rights.
(4) Endorsements/guarantees between companies in which Taiflex directly or indirectly holds over 90% of the voting rights.
(5) Mutual endorsements/guarantees between companies in the same industry or between joint builders which are provided in accordance with contractual terms for construction projects.
(6) Endorsements/guarantees provided by each shareholder for their jointly invested company in proportion to their shareholding percentages.
(7) Joint and several security between companies in the same industry for performance guarantees of pre-construction homes under the Consumer Protection Act.

Note 3: The overall amount of guarantees/endorsements provided shall not exceed 50% of the Company's net worth in the most recent financial statements. The amount of guarantees/endorsements provided to a single entity shall not exceed 20% of the net worth in the most recent financial statements. However, the restriction does not apply to guarantees/endorsements to companies whose voting rights are 100% held, either directly or indirectly, by the Company.

Note 4: The maximum endorsement/guarantee balance for the year ended December 31, 2024.

Note 5: This refers to amounts approved by the board of directors. However, where the authority has been delegated by the board to the chairperson in accordance with Subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, this would be the amounts approved by the chairperson.

Note 6: This is the ending balance after evaluation.

Note 7: Fill in "Y" for endorsements/guarantees provided by listed parent companies to subsidiaries and vice versa, and for ones provided to subsidiaries in mainland China.

Note 8: The overall amount of guarantees/endorsements provided shall not exceed 50% of the endorsement/guarantee provider's net worth in the most recent financial statements. The amount of guarantees/endorsements provided to a single entity shall not exceed 20% of the endorsement/guarantee provider's net worth in the most recent financial statements. Due to a decrease in net worth, Koatech Technology Corporation's loan balance and the actual amount drawn have exceeded the permitted limits. Taiflex had requested Koatech Technology Corporation to develop an improvement plan pursuant to Article 16 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. The subsidiary shall present the improvement plan to each supervisor and complete the necessary improvements according to the plan's timeline.

TABLE 3: MARKETABLE SECURITIES HELD AS OF DECEMBER 31, 2024 (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

(In Thousands of New Taiwan Dollars)

Holder of Marketable Securities	Type of Marketable Securities (Note 1)	Name of Marketable Securities (Note 1)	Relationship with the Issuer (Note 2)	Financial Statement Account	December 31, 2024				Note
					Shares (In Thousands)	Carrying Amount (Note 3)	Ownership Percentage	Fair Value	
Taiflex Scientific Co., Ltd.	Non-listed (OTC) stocks	Exploit Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	25	$ -	0.30%	$ -	-
	Non-listed (OTC) stocks	Kyoritsu Optronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	741	-	18.10%	-	-
	Listed stocks	APAQ Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,937	436,144	3.30%	436,144	-
	Listed stocks	Zhen Ding Technology Holding Limited	-	Financial assets at fair value through profit or loss - current	255	30,555	0.03%	30,555	-

Note 1: Marketable securities stated in this table refer to stocks, bonds, beneficiary certificates and securities derived from the said items within the scope of IFRS 9 “Financial Instruments.”

Note 2: Not required if the issuer of the marketable securities is not a related party.

Note 3: If marketable securities are measured at fair value, please fill in the fair value after valuation adjustment, net of accumulated impairment. If marketable securities are not measured at fair value, please fill in the original cost or amortized cost, net of accumulated impairment.

TABLE 4: INDIVIDUAL SECURITIES ACQUIRED OR DISPOSED OF WITH ACCUMULATED AMOUNT OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition (Note 1)		Disposal (Note 1)				Ending Balance	
					Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Selling Price	Carrying Value	Gain/Loss on Disposal	Shares (In Thousands)	Amount (Note 2)
Taiflex Scientific Co., Ltd.	Listed stocks APAQ Technology Co., Ltd.	Financial assets at fair value through other comprehensive income - non-current	-	-	6,139	$ 426,661	-	-	3,202	$ 455,645	$ 202,511	$ 253,134	2,937	$ 436,144

Note 1: The cumulative acquisition and disposal amounts shall be calculated separately at market value to determine whether they reach NT$300 million or 20% of the Company’s paid-in capital.

Note 2: The ending balance includes unrealized gain/loss on financial assets.

TABLE 5: RELATED PARTY TRANSACTIONS WITH PURCHASE OR SALES AMOUNT OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Sales (Purchases)	Amount	Percentage to Total Sales (Purchases)	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total Notes/Accounts Receivable (Payable)	
Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	Sales	$ 690,175	8.40%	Monthly settlement with payment in 180 days	-	-	$ 443,153	16.32%	-
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	Sales	470,475	5.73%	Monthly settlement with payment in 90 days	-	-	197,992	7.29%	-
Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	Holds 100% of the third-tier subsidiary	Sales	109,411	10.11%	Monthly settlement with payment in 180 days	-	-	70,791	2.61%	-
Taiflex Scientific Co., Ltd.	Taichem Materials Co., Ltd.	Holds 100% of the third-tier subsidiary	Purchases	339,529	6.37%	Monthly settlement with payment in 180 days	-	-	(5,477)	(0.51%)	-
Shenzhen Taiflex Electronic Co., Ltd.	Taiflex Scientific Co., Ltd.	The company’s ultimate parent company	Purchases	690,175	34.78%	Monthly settlement with payment in 180 days	-	-	(443,153)	(33.31%)	-
Shenzhen Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company’s associate	Purchases	1,105,806	55.72%	Monthly settlement with payment in 180 days	-	-	(845,841)	(63.57%)	-
Shenzhen Taiflex Electronic Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	The company’s associate	Purchases	173,061	8.72%	Monthly settlement with payment in 180 days	-	-	(38,202)	(2.87%)	-
Kunshan Taiflex Electronic Co., Ltd.	Taiflex Scientific Co., Ltd.	The company’s ultimate parent company	Purchases	470,475	66.42%	Monthly settlement with payment in 90 days	-	-	(197,992)	(55.11%)	-
Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company’s ultimate parent company	Purchases	227,999	32.19%	Monthly settlement with payment in 180 days	-	-	(155,372)	(43.25%)	-
Rudong Fuzhan Scientific Co., Ltd.	Taiflex Scientific Co., Ltd.	The company’s ultimate parent company	Purchases	109,411	11.41%	Monthly settlement with payment in 180 days	-	-	(70,791)	(27.04%)	-
Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company’s associate	Sales	1,105,806	81.45%	Monthly settlement with payment in 180 days	-	-	845,841	83.73%	-
Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	The company’s associate	Sales	227,999	16.79%	Monthly settlement with payment in 180 days	-	-	155,372	15.38%	-
Taichem Materials Co., Ltd.	Taiflex Scientific Co., Ltd.	The company’s ultimate parent company	Sales	339,529	92.91%	Monthly settlement with payment in 180 days	-	-	5,477	37.85%	-
Taiflex Scientific (Thailand) Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company’s associate	Sales	173,061	99.57%	Monthly settlement with payment in 180 days	-	-	38,202	97.96%	-

Note 1: The sales prices and collection terms of sales to related parties are not significantly different from those of sales to non-related parties.

TABLE 6: RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Ratio (times)	Overdue		Amounts Received in Subsequent Periods	Lost Allowance	Note
					Amount	Action Taken			
Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	$ 443,153	1.55	$ -	-	$ 133,790	$ -	-
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	197,992	2.82	-	-	73,390	-	-
Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	845,841	1.59	-	-	264,645	-	-
Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	The company's associate	155,372	1.70	-	-	19,671	-	-
Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company's associate	582,621	(Note 1)	-	-	-	-	-
Koatech Technology Corporation	Kunshan Koatech Technology Corporation	The company holds 100% of the third-tier subsidiary	82,559	0.86	41,176	Continued collection efforts	-	-	-
Koatech Technology Corporation	Kunshan Koatech Technology Corporation	The company holds 100% of the third-tier subsidiary	55,928	(Note 1)	-	-	55,928	-	-

Note 1: These are recognized as other receivables. Thus, turnover ratio analysis does not apply.

TABLE 7: INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE OR CONTROL DIRECTLY OR INDIRECTLY (EXCLUDING INVESTEES IN MAINLAND CHINA)

(In Thousands of New Taiwan Dollars)

Investor	Investee	Business Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2024			Net Income (Loss) of Investee	Share of Profit/Loss	Note
				December 31, 2024	December 31, 2023	Shares (In Thousands)	Ownership Percentage	Carrying Amount			
Taiflex Scientific Co., Ltd.	Taistar Co., Ltd.	Belize	Investment holding	$ 704,536	$ 704,536	21,825	100.00%	$ 811,460	$ (10,449)	$ (10,449)	(Note 2)
Taiflex Scientific Co., Ltd.	Leadmax Limited	Samoa	Trading of electronic materials	-	337	-	-	-	-	-	(Note 3)
Taiflex Scientific Co., Ltd.	Koatech Technology Corporation	Taiwan	Manufacturing and selling of electronic materials and components	320,761	320,761	16,124	52.97%	108,433	(128,191)	(67,903)	-
Taiflex Scientific Co., Ltd.	Innovision FlexTech Corp.	Taiwan	Manufacturing and selling of electronic materials	72,506	88,568	2,799	10.62%	10,252	(20,558)	(2,109)	-
Taiflex Scientific Co., Ltd.	TFS Co., Ltd.	Belize	Investment holding	478,797	478,797	15,520	100.00%	531,679	(4,533)	(4,533)	(Note 2)
Taiflex Scientific Co., Ltd.	Richstar Co., Ltd.	Samoa	Investment holding	1,316,239	1,316,239	44,000	73.94%	1,508,065	(17,394)	(12,861)	(Note 2)
Taiflex Scientific Co., Ltd.	Taiflex Scientific Japan Co., Ltd.	Japan	Trading and technical support of electronic materials	16,260	16,260	6	100.00%	14,554	327	327	-
Taiflex Scientific Co., Ltd.	Taiflex USA Corporation	U.S.A.	Technical support and marketing of electronic materials	8,820	8,820	1	100.00%	12,017	312	312	-
Taiflex Scientific Co., Ltd.	Taichem Materials Co., Ltd.	Taiwan	Manufacturing and selling of semiconductor materials	246,000	246,000	17,000	100.00%	315,251	63,386	63,419	(Note 1)
Taiflex Scientific Co., Ltd.	Taiflex Green Power Co., Ltd.	Taiwan	Generation and selling of electricity from renewables	50,000	50,000	5,000	100.00%	53,041	1,338	1,352	(Note 1)
Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	Thailand	Manufacturing and selling of electronic materials	1,061,848	796,455	120,600	100.00%	1,088,707	(55,521)	(55,632)	(Note 2)
TFS Co., Ltd.	Richstar Co., Ltd.	Samoa	Investment holding	478,563	478,563	15,510	26.06%	534,641	(17,394)	(4,533)	(Note 2)
Taistar Co., Ltd.	TSC International Ltd.	Cayman Islands	Investment holding	683,946	683,946	21,170	100.00%	799,131	(9,584)	(9,584)	-
Koatech Technology Corporation	KTC Global Co., Ltd.	Samoa	Investment holding	113,517	113,517	3,960	100.00%	(60,395)	(105,063)	(105,063)	-
KTC Global Co., Ltd.	KTC PanAsia Co., Ltd.	Samoa	Investment holding	113,368	113,368	3,955	100.00%	(61,169)	(105,063)	(105,063)	-

Note 1: Including depreciation of right-of-use assets and amortization of lease liabilities.

Note 2: Including unrealized gain/loss between companies.

Note 3: Liquidated in February 2024.

TABLE 8: INFORMATION ON INVESTMENTS IN MAINLAND CHINA (In Thousands of New Taiwan Dollars)

Investor	Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflows of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflows of Investment from Taiwan as of December 31, 2024	Profit/Loss of Investee	Ownership Percentage (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of December 31, 2024	Accumulated Inward Remittances of Earnings as of December 31, 2024
						Outflow	Inflow						
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Selling of chemical products, electronic materials and electronic components	$767,141 (US$24,000,000)	2	$ 767,141	$ -	$ -	$ 767,141	$ (9,584)	100.00%	$ (9,584)	$ 799,054	$ 135,257
	Rudong Fuzhan Scientific Co., Ltd.	Manufacturing and selling of electronic materials	$1,316,239 (US$44,000,000)	2	1,316,239	-	-	1,316,239	11,863	100.00%	6,060	1,341,223	-
	Shenzhen Taiflex Electronic Co., Ltd.	Trading of coating materials for high polymer film and copper foil	$479,160 (US$15,500,000)	2	479,160	-	-	479,160	(23,454)	100.00%	(23,454)	722,543	-
Koatech Technology Corporation	Kunshan Koatech Technology Corporation	A wholesaler and a commission agent of electronic materials and components	$113,219 (US$3,950,000)	2	113,219	-	-	113,219	(105,063)	52.97%	(55,652)	(32,408)	-

Accumulated Outflows of Investment from Taiwan to Mainland China as of December 31, 2024		Investment Amounts Approved by the Investment Commission, MOEA	Upper Limit of Investment
Taiflex Scientific Co., Ltd.	$2,562,540	$2,580,303	(Note 3)
Koatech Technology Corporation	$113,219	$140,222	$27,425

Note 1: The methods for investment in mainland China are categorized into the following three types. Please specify the type.
(1) Direct investment in mainland China.
(2) Investment in mainland China through companies in the third area.
(3) Others.

Note 2: Significant transactions with the investees in China, either directly or indirectly through the third area, and the relevant prices, payment terms and unrealized gains or losses:
(1) Purchase and ending balance of related payables and their weightings: see Table 5.
(2) Sales and ending balance of related receivables and their weightings: see Tables 5 and 6.
(3) The transaction amount and gain or loss arising from property transactions: N/A.
(4) Ending balance of endorsements/guarantees or collateral provided and the purposes: see Table 2.
(5) Maximum balance, ending balance, interest rate range and total interest of current period from financing provided to others: see Table 1.
(6) Transactions that have significant impact on profit or loss of the current period or the financial position, such as services rendered or received: N/A.

Note 3: The Company received official documents issued by the Industrial Development Bureau, Ministry of Economic Affairs certifying the Company being qualified for operating headquarters. Thus, the limit stipulated in the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" does not apply.

Note 4: The upper limit of investment is calculated as follows:
Koatech Technology Corporation: NT$45,709 thousand × 60% = NT$27,425 thousand

TABLE 9: INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS (In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Account	Amount (Note 4)	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
0	Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	1	Sales revenue	$ 690,175	General trading terms	6.94%
0	Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	1	Accounts receivable	443,153	General trading terms	3.05%
0	Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	1	Sales revenue	470,475	General trading terms	4.73%
0	Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	1	Accounts receivable	197,992	General trading terms	1.36%
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	1	Sales revenue	109,411	General trading terms	1.10%
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	1	Accounts receivable	70,791	General trading terms	0.49%
0	Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	1	Other receivables	23,823	General trading terms	0.16%
1	Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Sales revenue	1,105,806	General trading terms	11.13%
1	Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Accounts receivable	845,841	General trading terms	5.82%
1	Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	3	Sales revenue	227,999	General trading terms	2.29%
1	Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	3	Accounts receivable	155,372	General trading terms	1.07%
2	Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	3	Other receivables	582,621	Financing, with terms agreed by both parties	4.01%
3	Taichem Materials Co., Ltd.	Taiflex Scientific Co., Ltd.	2	Sales revenue	339,529	General trading terms	3.42%
4	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	3	Sales revenue	69,605	General trading terms	0.70%
4	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	3	Other receivables	55,928	Financing, with terms agreed by both parties	0.38%
4	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	3	Accounts receivable	82,559	General trading terms	0.57%
5	Taiflex Scientific (Thailand) Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Sales revenue	173,061	General trading terms	1.19%
5	Taiflex Scientific (Thailand) Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Accounts receivable	38,202	General trading terms	0.38%

Note 1: Transaction information between the parent company and its subsidiaries shall be disclosed by codes below:

(1) Taiflex Scientific Co., Ltd. is coded “0.”

(2) The subsidiaries are coded from “1” in the order presented in the table above.

Note 2: Relationships are categorized into the following three types. Please specify the type.

(1) From the parent company to a subsidiary.

(2) From a subsidiary to the parent company.

(3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated net revenue or total assets, it is computed based on the ending balance to the consolidated total assets for balance sheet items; and based on the interim accumulated amount to the consolidated net revenue for profit or loss items.

Note 4: Eliminated upon consolidation.

TABLE 10: INFORMATION ON MAJOR SHAREHOLDERS (In Shares)

Share / Name of Major Shareholder	Total Shares Owned	Ownership Percentage
Chang Wah Electromaterials Inc.	17,929,336	6.99%
Qiao Mei Development Corporation	17,011,579	6.63%

Note 1: Major shareholders in the table above are shareholders owning 5% or more of the Company’s common and preferred stocks (only the ones that have completed dematerialized registration and delivery, and include treasury stocks) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the financial statements may differ from the Company’s actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Company’s stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be the ones owned by the persons plus the ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders’ shareholding filings.