

**ELITE ADVANCED LASER
CORPORATION AND SUBSIDIARIES**

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

REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of Elite Advanced Laser Corporation as of and for the year ended December 31, 2024 (January 1 to 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 IFRS 10 Consolidated Financial Statements. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Elite Advanced Laser Corporation does not prepare a separate set of combined financial statements.

Very truly yours

Elite Advanced Laser Corporation

Chairman: Chu-Liang, Cheng

March 11, 2025

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Elite Advanced Laser Corporation:

Opinion

We have audited the accompanying consolidated financial statements of Elite Advanced Laser Corporation and its subsidiaries (the “Group”), which comprise the consolidated balances sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and of cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated 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 Opinion

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

Key Audit Matters

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

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2024 is as follows:

The veracity of the sales revenue of specific customers

The Group's operating revenue in 2024 was \$7,567,661 thousand, with a consolidated operating revenue growth rate of approximately 40%. However, among customers with material annual sales amounts, the total operating revenue of those with revenue growth rates higher than the consolidated operating revenue growth rate accounted for approximately 52% of the consolidated operating revenue, which has a significant impact on the consolidated financial statements. Therefore, we have included the authenticity of the sales revenue from the aforementioned specific customers as a key audit matter for the 2024 consolidated financial statements. Please refer to Note 4 (15) of the Consolidated Financial Statements for the description of the income recognition policy.

Our audit procedures for this include:

1. By understanding the relevant internal control systems and operating procedures of the sales transaction cycle, we design the internal control auditing procedures according to the veracity of the sales revenue and confirm and evaluate the relevant internal control procedure during the sales transactions for whether the design and implementation are effective.
2. We obtain the list of the above-mentioned customers in 2024, and evaluate whether their relevant background, transaction amount, credit line and company size are reasonable.
3. We select samples from the above-mentioned customer sales details, examine the sales slips, customs declarations, bills of lading, sales invoices, payment collections, and major sales returns after the balance sheet date to confirm the veracity of the sales revenue.

Other Matter

We have also audited the parent company only financial statements of Elite Advanced Laser Corporation as of and for the years ended December 31, 2024 and 2023, on which we have issued an unqualified audit opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit and Risk Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the reviews resulting in this independent auditors' review report are Keng-Hsi, Chang and Chiang-Hsun, Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2025

Notice to Readers

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

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

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 3,138,394	28	\$ 1,967,987	22
1136	Financial assets measured at amortized cost - Current (Notes 4, 5, 7 and 8)	213,949	2	17,000	-
1140	Current contract assets (Notes 4, 5 and 24)	213,039	2	156,433	2
1170	Accounts receivable (Notes 4, 5, 9 and 24)	1,524,386	14	1,009,538	11
1180	Accounts receivable due from related parties (Notes 4, 5, 24 and 34)	8,903	-	9,885	-
1200	Other receivables (Notes 4, 5 and 9)	376,937	3	236,212	3
1210	Other receivables due from related parties (Notes 4, 5 and 34)	863	-	45	-
1220	Current tax asset (Notes 4 and 26)	165	-	2,104	-
130X	Inventories (Notes 4 and 10)	671,935	6	379,895	4
1410	Prepayments (Note 18)	245,570	2	250,555	3
11XX	Total current assets	<u>6,394,141</u>	<u>57</u>	<u>4,029,654</u>	<u>45</u>
	NON-CURRENT ASSETS				
1540	Financial assets measured at amortized cost - Non-current (Notes 4, 5, 7, 8 and 35)	763	-	751	-
1550	Investments accounted for using equity method (Notes 4 and 12)	125,814	1	116,704	1
1600	Property, plant and equipment (Notes 4, 13, 29 and 35)	4,108,811	37	4,450,664	50
1755	Right-of-use assets (Notes 4 and 14)	174,105	2	113,472	1
1760	Investment property (Notes 4 and 15)	43,522	-	48,811	1
1805	Goodwill (Notes 4 and 16)	-	-	32,577	-
1821	Intangible assets (Notes 4 and 17)	3,953	-	5,670	-
1840	Deferred tax assets (Notes 4 and 26)	130,482	1	108,622	1
1990	Other non-current assets (Notes 4, 5, 9 and 18)	167,957	2	35,850	1
15XX	Total non-current assets	<u>4,755,407</u>	<u>43</u>	<u>4,913,121</u>	<u>55</u>
1XXX	TOTAL	<u>\$ 11,149,548</u>	<u>100</u>	<u>\$ 8,942,775</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 4 and 19)	\$ 50,000	-	\$ -	-
2130	Current contract liabilities (Notes 4 and 24)	27,580	-	47,474	1
2170	Accounts payable	1,317,971	12	689,382	8
2200	Other payables (Notes 20 and 31)	1,169,493	11	836,098	9
2230	Current tax liabilities (Notes 4 and 26)	134,814	1	53,606	1
2250	Current provisions (Notes 4 and 21)	57,785	1	37,849	-
2280	Current lease liabilities (Notes 4 and 14)	44,848	-	41,956	-
2300	Other current liabilities (Notes 20, 31 and 34)	182,535	2	164,166	2
2320	Long-term borrowings due within 1 year (Notes 4, 19 and 35)	64,527	1	24,709	-
21XX	Total current liabilities	<u>3,049,553</u>	<u>28</u>	<u>1,895,240</u>	<u>21</u>
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Notes 4, 19 and 35)	222,281	2	180,291	2
2570	Deferred tax liabilities (Notes 4 and 26)	352,738	3	312,841	4
2580	lease liabilities (Notes 4 and 14)	90,519	1	35,497	-
2640	Net defined benefit liabilities (Notes 4 and 22)	29,107	-	32,845	-
2670	Others (Notes 20 and 34)	439,262	4	530,253	6
25XX	Total non-current liabilities	<u>1,133,907</u>	<u>10</u>	<u>1,091,727</u>	<u>12</u>
2XXX	Total liabilities	<u>4,183,460</u>	<u>38</u>	<u>2,986,967</u>	<u>33</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 23)				
	Capital stock				
3110	Common stock	1,456,814	13	1,456,814	17
3200	Capital surplus	456,473	4	455,236	5
	Retained earnings				
3310	Legal reserve	793,144	7	793,144	9
3320	Special reserve	86,025	-	67,718	1
3350	Unappropriated earnings	1,659,389	15	1,117,865	12
3300	Total retained earnings	<u>2,538,558</u>	<u>22</u>	<u>1,978,727</u>	<u>22</u>
3400	Other	(23,078)	-	(86,025)	(1)
31XX	Total equity attributable to owners of the Company	<u>4,428,767</u>	<u>39</u>	<u>3,804,752</u>	<u>43</u>
36XX	NON-CONTROLLING INTERESTS (Notes 4, 23, 28 and 30)	<u>2,537,321</u>	<u>23</u>	<u>2,151,056</u>	<u>24</u>
3XXX	Total equity	<u>6,966,088</u>	<u>62</u>	<u>5,955,808</u>	<u>67</u>
	TOTAL	<u>\$ 11,149,548</u>	<u>100</u>	<u>\$ 8,942,775</u>	<u>100</u>

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

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

Code		For the years ended December 31			
		2024		2023	
		Amount	%	Amount	%
	OPERATING REVENUE				
	(Notes 4, 24 and 34)				
4100	Sales revenue	\$ 7,342,156	97	\$ 5,125,589	95
4800	Other operating revenue	<u>225,505</u>	<u>3</u>	<u>273,608</u>	<u>5</u>
4000	Total revenue	<u>7,567,661</u>	<u>100</u>	<u>5,399,197</u>	<u>100</u>
	OPERATING COSTS				
	(Notes 10, 22, 25 and 29)				
5110	Cost of goods sold	(5,476,940)	(72)	(4,553,209)	(84)
5800	Other operating costs	(<u>29,605</u>)	(<u>1</u>)	(<u>40,685</u>)	(<u>1</u>)
5000	Total operating costs	(<u>5,506,545</u>)	(<u>73</u>)	(<u>4,593,894</u>)	(<u>85</u>)
5900	GROSS PROFIT	<u>2,061,116</u>	<u>27</u>	<u>805,303</u>	<u>15</u>
	OPERATING EXPENSES (Notes 4, 9, 22, 24, 25 and 28)				
6100	Selling and distribution expense	(154,465)	(2)	(55,460)	(1)
6200	General and administrative expense	(481,208)	(7)	(383,191)	(7)
6300	Research and development expense	(239,748)	(3)	(178,529)	(4)
6450	Gain on reversal of expected credit (impairment loss)	(<u>6,796</u>)	<u>-</u>	<u>860</u>	<u>-</u>
6000	Total operating expenses	(<u>882,217</u>)	(<u>12</u>)	(<u>616,320</u>)	(<u>12</u>)
6500	OTHER GAINS AND LOSSES (Notes 4, 13 and 25)	(<u>8,534</u>)	<u>-</u>	(<u>7,609</u>)	<u>-</u>
6900	INCOME FROM OPERATIONS	<u>1,170,365</u>	<u>15</u>	<u>181,374</u>	<u>3</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 4, 12, 16, 25 and 34)				
7100	Interest income	54,289	1	42,807	1
7010	Other income	17,497	-	19,668	-
7020	Other gains and losses	49,493	1	9,491	-
7050	Finance costs	(6,296)	-	(7,680)	-
7060	Share of profit of subsidiaries and joint ventures accounted for using equity method	<u>9,624</u>	<u>-</u>	<u>21,650</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>124,607</u>	<u>2</u>	<u>85,936</u>	<u>2</u>

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		For the years ended December 31			
		2024		2023	
Code		Amount	%	Amount	%
7900	INCOME BEFORE INCOME TAX	\$ 1,294,972	17	\$ 267,310	5
7950	INCOME TAX EXPENSES (Notes 4 and 26)	(222,287)	(3)	(135,509)	(3)
8200	NET INCOME	<u>1,072,685</u>	<u>14</u>	<u>131,801</u>	<u>2</u>
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22, 23 and 26)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation	4,256	-	(705)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(851)	-	141	-
8360	Items that will not be reclassified subsequently to profit or loss				
8361	Foreign operations – foreign currency translation differences	154,293	2	(44,873)	-
8399	Income tax profit (expense) related to items that will be reclassified subsequently	(15,737)	-	4,577	-
8300	Other comprehensive income(loss) for the period, net of income tax	<u>141,961</u>	<u>2</u>	(40,860)	-
8500	TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 1,214,646</u>	<u>16</u>	<u>\$ 90,941</u>	<u>2</u>
	NET INCOME (LOSS) ATTRIBUTABLE TO:				
8610	Owners of the Company	\$ 556,426	7	(\$ 76,156)	(2)
8620	Non-controlling interests	<u>516,259</u>	<u>7</u>	<u>207,957</u>	<u>4</u>
8600		<u>\$ 1,072,685</u>	<u>14</u>	<u>\$ 131,801</u>	<u>2</u>
	TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO				
8710	Owners of the Company	\$ 622,778	8	(\$ 95,027)	(2)
8720	Non-controlling interests	<u>591,868</u>	<u>8</u>	<u>185,968</u>	<u>4</u>
8700		<u>\$ 1,214,646</u>	<u>16</u>	<u>\$ 90,941</u>	<u>2</u>
	EARNINGS (LOSS) PER SHARE (Note 27)				
9710	Basic earnings per share	<u>\$ 3.82</u>		(<u>\$ 0.52</u>)	
9810	Diluted earnings per share	<u>\$ 3.81</u>		(<u>\$ 0.52</u>)	

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

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

		Equity attributable to owners of the Company								
		Equity attributable to owners of the Company						Total	Non-controlling interests	Total equity
		Capital stock	Capital surplus	Retained earnings		Unappropriated earnings	Others Foreign operations – foreign currency translation differences			
Code		Common stock		Legal reserve	Special reserve					
A1	BALANCE AT JANUARY 1, 2023	\$ 1,456,814	\$ 452,294	\$ 773,432	\$ 65,301	\$ 1,289,555	(\$ 67,718)	\$ 3,969,678	\$ 2,268,740	\$ 6,238,418
	Distribution of 2022 earnings (Note 23)									
B1	Legal reserve	-	-	19,712	-	(19,712)	-	-	-	-
B3	Special reserve	-	-	-	2,417	(2,417)	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	(72,841)	-	(72,841)	-	(72,841)
		-	-	19,712	2,417	(94,970)	-	(72,841)	-	(72,841)
D1	Net income in 2023	-	-	-	-	(76,156)	-	(76,156)	207,957	131,801
D3	Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	(564)	(18,307)	(18,871)	(21,989)	(40,860)
D5	Total comprehensive income (loss) in 2023	-	-	-	-	(76,720)	(18,307)	(95,027)	185,968	90,941
M7	Changes in subsidiaries' ownership (Notes 11, 23 and 30)	-	2,734	-	-	-	-	2,734	(2,734)	-
N1	Remuneration costs of employee stock options by subsidiaries (Notes 23, 25, and 28)	-	208	-	-	-	-	208	153	361
O1	Cash dividends issued from subsidiaries (Note 23)	-	-	-	-	-	-	-	(347,809)	(347,809)
O1	Ordinary shares issued under subsidiary's employee stock option plan (Notes 23 and 30)	-	-	-	-	-	-	-	3,300	3,300
O1	Increase in non-controlling interests (Note 23)	-	-	-	-	-	-	-	43,438	43,438
Z1	BALANCE AT DECEMBER 31, 2023	1,456,814	455,236	793,144	67,718	1,117,865	(86,025)	3,804,752	2,151,056	5,955,808
	Distribution of 2023 earnings (Note 23)									
B3	Special reserve	-	-	-	18,307	(18,307)	-	-	-	-
		-	-	-	18,307	(18,307)	-	-	-	-
D1	Net income in 2024	-	-	-	-	556,426	-	556,426	516,259	1,072,685
D3	Other comprehensive income (loss) in 2024, net of income tax	-	-	-	-	3,405	62,947	66,352	75,609	141,961
D5	Total comprehensive income (loss) in 2024	-	-	-	-	559,831	62,947	622,778	591,868	1,214,646
M7	Changes in subsidiaries' ownership (Notes 11, 23 and 30)	-	861	-	-	-	-	861	(861)	-
N1	Remuneration costs of employee stock options by subsidiaries (Notes 23, 25, and 28)	-	376	-	-	-	-	376	291	667
O1	Cash dividends issued from subsidiaries (Note 23)	-	-	-	-	-	-	-	(221,333)	(221,333)
O1	Ordinary shares issued under subsidiary's employee stock option plan (Notes 23 and 30)	-	-	-	-	-	-	-	6,300	6,300
O1	Increase in non-controlling interests (Note 23)	-	-	-	-	-	-	-	10,000	10,000
Z1	BALANCE AT DECEMBER 31, 2024	\$ 1,456,814	\$ 456,473	\$ 793,144	\$ 86,025	\$ 1,659,389	(\$ 23,078)	\$ 4,428,767	\$ 2,537,321	\$ 6,966,088

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

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

Code		For the years ended December 31	
		2024	2023
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 1,294,972	\$ 267,310
A20010	Adjustments for:		
A20100	Depreciation expense	839,864	873,666
A20200	Amortization expense	2,877	3,939
A20300	Reversal of expected credit losses (gains)	6,796	(860)
A20900	Finance costs	6,296	7,680
A21200	Interest income	(54,289)	(42,807)
A21900	Stock option compensation cost of subsidiary	667	361
A22300	Share of profit of subsidiaries and joint ventures accounted for using equity method	(9,624)	(21,650)
A22500	Gains(losses) on disposal of property, plant and equipment	(2,077)	239
A23500	Impairment loss on property, plant and equipment	8,534	7,609
A23700	Inventory loss (reversal of write-down of inventories)	140,957	68,842
A23700	Goodwill impairment loss	32,577	-
A24100	Loss (gain) on foreign exchange	(116,277)	12,166
A29900	Liability provisions	20,521	3,000
A29900	Gains from lease modification	(142)	(1)
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	(51,516)	(4,513)
A31150	Accounts receivable	(538,427)	(99,670)
A31160	Accounts receivable due from related parties	1,479	(473)
A31180	Other receivables	(124,569)	(72,882)
A31200	Inventories	(424,523)	75,617
A31230	Prepayments	6,452	(28,352)
A32125	Contract liabilities	(19,896)	35,416
A32150	Accounts payable	586,798	(180,898)
A32160	Accounts payable - related parties	-	(1,914)
A32180	Other payables	316,585	7,411
A32200	Provisions	(585)	(1,570)
A32230	Other current liabilities	473	(564)
A32240	Non-current net defined benefit liabilities	518	578
A33000	Net cash generated by operating activities	1,924,441	907,680
A33100	Interest received	50,088	41,154
A33300	Interest paid	(6,274)	(7,753)
A33500	Income taxes paid	(136,676)	(245,731)
AAAA	Net cash flows from operating activities	<u>1,831,579</u>	<u>695,350</u>

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Code		For the years ended December 31	
		2024	2023
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00040	Acquisition of financial assets at amortized cost	(\$ 212,517)	(\$ 17,010)
B00050	Proceeds from disposal of financial assets at amortized cost	-	12,500
B00060	Principal repayment upon maturity of financial assets measured at amortized cost	17,751	-
B02700	Acquisition of property, plant and equipment	(391,170)	(594,600)
B02800	Disposal of property, plant and equipment	14,416	761
B03700	Increase in refundable deposits	(875)	(1,035)
B03800	Decrease in refundable deposits	1,112	15
B04300	Increase in other receivables - from related parties	(911)	(2)
B04500	Acquisition of intangible assets	(978)	(3,502)
B07100	Increase in prepayments for equipment	(145,497)	(17,015)
B07600	Dividends received	6,500	4,387
BBBB	Net cash used in investing activities	(712,169)	(615,501)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	50,000	-
C00200	Decrease in short-term borrowings	-	(71,170)
C01600	Long-term borrowings	195,000	370,000
C01700	Repay long-term borrowings	(113,192)	(570,000)
C03000	Guarantee deposits received	-	61,445
C03800	Decrease in other receivables - related parties	-	(15,000)
C04020	Repayment of the principal portion of lease liabilities	(45,104)	(42,662)
C04500	Dividends to owners of the Company	-	(72,841)
C04800	Employees stock options exercised by subsidiaries	6,300	3,300
C05800	Cash dividends to non-controlling interests	(221,318)	(347,849)
C05800	Changes in non-controlling interests	10,000	43,438
CCCC	Net cash used in financing activities	(118,314)	(641,339)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	169,311	(12,946)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,170,407	(574,436)
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,967,987	2,542,423
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,138,394	\$ 1,967,987

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

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

- a. Elite Advanced Laser Corporation (hereinafter referred to as “the Company”) was established in New Taipei City in September 2000 and started operation in September of the same year. The registered capital of establishment was \$5,000 thousand. After years of capital increase and decrease, the current total capital is \$1,456,814 thousand. The Company’s business affairs consists of 1. optical information and optical communication products; 2. power semiconductor packaging and testing; 3. silicon photonics products.
- b. The Company’s stock has been listed on the Taiwan Stock Exchange since April 2006.
- c. The Company has no ultimate parent company due to dispersed shareholding.
- d. The consolidated financial statements are expressed in New Taiwan Dollars, the Company’s functional currency.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 11, 2025.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC). The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the Company and its subsidiaries (collectively as “the Group”).

b. Applicable FSC - approved IFRS Accounting Standards in 2025

New, revised or amended standards and interpretations	Effective date issued by IASB
Amendments to IAS 21 - Lack of Exchangeability	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding amendments to the application guidance on the classification of financial assets	January 1, 2026 (Note 2)

Note 1: The amendments apply to the annual reporting periods beginning on or after January 1, 2025. When the amendments apply for the first time, the comparative period shall not be restated; instead, the effect shall be recognized in the retained earnings or exchange differences arising from the translation of the financial statements of foreign operations under equity (as appropriate) and the relevant affected assets and liabilities on the initial application date.

Note 2: The amendments apply to the annual reporting periods beginning on or after January 1, 2026. Enterprises may also choose to apply early on January 1, 2025. When the amendment is first applied, it should be applied retrospectively without restatement of comparative periods, and the effect of the initial application should be recognized on the date of initial application. However, if an enterprise is able to restate without the benefit of hindsight, it may choose to restate the comparative period.

As of the publication date of this consolidated financial statement, the Group has concluded that there is no material impact of amendments of above standards and interpretations on the consolidated financial position and consolidated financial performance.

- c. New IFRSs Accounting Standards in issue by IASB but not yet endorsed and issued into effect by the FSC

New, revised or amended standards and interpretations	Effective date issued by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding amendments to the application guidance on the derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	January 1, 2026
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	NA
IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information	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

Note 1: Unless stated otherwise, the above new/revised/amended standards or interpretations are effective for annual reporting periods beginning on their respective effective dates.

IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 “Presentation of Financial Statements”. The main changes in this standard include:

- The statement of profit or loss should classify income and expenses in the operating, investing, financing, income taxes, and discontinued operations categories.
- An entity has to present totals and subtotals in the statement of profit or loss for operating profit or loss, pre-tax profit or loss before financing, and profit or loss.
- Requirements for provision of guidance to enhance aggregation and disaggregation: The Group should identify assets, liabilities, equity, income, expenses, losses, and cash flows in each transaction or other events, and

classify and aggregate them based on shared characteristics so that the main line items presented in the financial statements share at least one similar characteristic. Items should be disaggregated based on non-similar characteristics. The Group should label such items as "other" only if it cannot find a more informative title.

- Increasing the disclosure of management-defined performance measures (MPMs): When the Group engages in public communications outside financial statements and communicate to management's view of an aspect of the financial performance of the entity as a whole, the Group should disclose information about its MPMs in a single note to the financial statements, including a description of how the MPM is measured, how the MPM is calculated, and a reconciliation between the MPM and the total or subtotal required by IFRS Accounting Standards, including the income tax effect and the effect on non-controlling interests for each item disclosed in the reconciliation.

In addition to the above impacts, as of the reporting date of this consolidated financial statement, the Group continues to assess other impacts of amendments to the standards and interpretations on the consolidated financial position and consolidated financial performance, and the relevant impact will be disclosed when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statement has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed and issued by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the net defined benefit liability recognized at the present value of the defined benefit obligation less the fair value of the plan assets.

Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable and its significance:

- 1) Level 1 Inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- 2) Level 2 Inputs: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly (including market-corroborated data).
 - 3) Level 3 Inputs: unobservable inputs and are used when relevant observable inputs are not available.
- c. Criteria for classifying assets and liabilities into current and non-current.

Current assets:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the balance sheet date;
and
- 3) Cash and cash equivalents (unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date).

Current liabilities:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities expected to be settled within 12 months of the balance sheet date,
and
- 3) Liabilities for which there is no substantive right at the balance sheet date to defer settlement of the liability for at least 12 months after the balance sheet date.

Current assets or current liabilities other than those stated above are classified as non-current assets or liabilities.

- d. Consolidation basis

This consolidated financial statement includes the financial statement of the Company and the entities (subsidiaries) controlled by the Company. Comprehensive income of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. The financial statements of subsidiaries have been adjusted to ensure the accounting policies are line with those of the Group. Transactions between entities, account balances, profit and losses have been fully eliminated in preparing the consolidated financial statements. Total comprehensive income of subsidiaries is attributed to the owners of the Company

and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

For details of subsidiaries, shareholding ratio and business activities, please refer to Note 11 and Table 4 and Table 5 of Note 38.

e. Foreign currencies

When preparing the individual financial statements, transactions in currencies other than the parent company's functional currency (foreign currency) shall be converted into functional currency at the exchange rate on the transaction day.

Monetary items denominated in foreign currencies are translated at the closing rates at each balance sheet date. Exchange differences arising on the settlement of monetary items or on translating monetary items shall be recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and shall not be re-translated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the domestic and foreign entities (including subsidiaries, associates or branches in other countries that use currencies that are different from the currency of the Company) are translated into the New Taiwan Dollar at the exchange rate on each balance sheet date. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the noncontrolling interests of the subsidiary and is not recognized in profit or loss.

f. Inventories

Inventories include raw materials, supplies, work in progress and finished goods. Inventories shall be measured at the lower of cost and net realizable value, and the comparison between cost and net realizable value is based on individual items except for inventories of the same category. Net realizable value is the estimated selling price under normal circumstances less the estimated cost to complete the project and the estimated cost to complete the sale. The Group's inventory is recorded at standard cost during daily operation and adjusted to approximate weighted-average cost at the end of the reporting period.

g. Investments in associates

An associate is an entity over which the Group has significant influence, but are not subsidiaries or joint ventures of the Group.

The Group adopts the equity method when accounting for investments in associates.

Under the equity method, on initial recognition the investment in an associate is recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss of the associate after the date of acquisition. The Group's share of the associate's profit or loss is recognized in the Group's profit or loss.

When assessing impairment, the Group regards the overall carrying amount of the investment as a single asset and compares the recoverable amount with the carrying amount for impairment testing. The recognized impairment loss is viewed as the carrying amount of the investment. Any reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of the investment.

Gains and loss arising from upstream, downstream, and sidestream transactions between the Group and associates shall be recognized in the consolidated financial statement only to the extent that it is unrelated Group's interest in the associate.

h. Property, plant and equipment

Property, plant and equipment shall be recognized at cost, and subsequent measurement shall be presented at costs subtracted by accumulated depreciation and accumulated impairment losses.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately portion with a straight-line method over their useful lives. The Group shall review the estimated useful life, residual value and depreciation method at least at each financial year-end, and the impact of changes in accounting estimates shall be applied prospectively.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

i. Investment property

Investment property is property (including right-of-use assets that meet the definition of investment property) held to earn rentals or for capital appreciation or both.

Investment property shall be initially measured at cost (including transaction costs), and subsequent measurement shall be presented at costs subtracted by accumulated depreciation and accumulated impairment losses.

Investment property shall be depreciated with a straight-line method.

Property, plant and equipment and right-of-use assets is transferred to investment property at the carrying amount at the end of owner-occupation.

Any gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

j. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating unit or groups of cash-generating units (referred to as cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current

annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal.

k. Intangible assets

1) Additions

Intangible assets with a limited useful life acquired separately shall be initially measured at cost, and subsequent measurement shall be presented at costs subtracted by accumulated depreciation and accumulated impairment losses. Intangible assets shall be amortized with a straight-line method within the useful life where the Group shall review the estimated useful life, residual value and amortization method at least at each financial year-end, and the impact of changes in accounting estimates shall be applied prospectively. Intangible assets with indefinite useful lives are recognized at cost subtracted by accumulated impairment losses.

2) Derecognition

Any gain or loss arising on the disposal or retirement of an item of intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

l. Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets (other than goodwill)

The Group assess at the date of statement property, plant and equipment, right-of-use assets, investment property and intangible assets (other than goodwill) for whether there is any indication of impairment. If there is any indication that an asset may be impaired, the recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the

cash-generating unit to which the asset belongs. If groups of assets can be allocated to cash-generating units on a reasonable and consistent basis, they will be allocated to individual cash-generating units; otherwise, they will be allocated to the smallest group of cash-generating units that can be allocated on a reasonable and consistent basis.

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

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. (net of amortization or depreciation) A reversal of an impairment loss is recognized immediately in profit or loss.

m. Financial instruments

Financial assets and liabilities shall be recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

Regular way purchases or sales of financial assets are recognized and derecognized on a trade date.

(1) Category of financial assets and measurement

The types of financial assets held by the Group are financial assets measured at amortized cost.

Financial assets measured at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable at amortized cost, other receivables (including related parties; excluding income tax refund receivables), overdue receivables and refundable deposit, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- (i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets.
- (ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when significant financial difficulty of the issuer or the borrower; breach of contract; it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and certificates of deposits investments with original maturities within 3 months from the date of

acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

(2) Impairment of financial assets and contract assets

On each balance sheet date, the Group evaluates the impairment loss of financial assets (including accounts receivable, other receivables and deposits) and contract assets measured at amortized cost based on expected credit losses.

Accounts receivable and contract assets are recognized as allowance losses based on lifetime expected credit losses. Other financial assets are evaluated on whether the credit risk has increased significantly since the original recognition. If there is no significant increase, the loss provision shall be recognized as the 12-month expected credit loss, and if there has been a significant increase, the loss provision shall be recognized as the expected credit loss during the duration.

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

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- (i) Internal or external information show that the debtor is unlikely to pay its creditors.
- (ii) When a financial asset is due longer than 180 days, unless the Group has reasonable and corroborative information to support a more lagged default criterion.

As for the impairment losses on all financial assets, the carrying amounts there are reduced directly or through an allowance account.

(3) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

(1) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method, except where the recognition of interest on short-term payables is not material.

(2) Derecognition of financial liabilities

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

n. Provisions

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation.

Warranties

The warranty obligation to ensure that the product conforms to the agreed specifications is recognized when the relevant product is recognized as revenue based on the management's best estimate of the expense required to settle the obligations of the Group.

o. Revenue recognition

When a performance obligation is satisfied, the Group shall recognize as revenue the amount of the transaction price that is allocated to that performance obligation.

Operating revenue

1) Service revenue

Revenue from packaging and testing

The Group's packaging service creates or enhances an asset that the customer controls as the asset is created or enhanced; the customer simultaneously receives and consumes the benefits from the testing services provided by the Group's performance as the Group performs.

The relevant revenue will be transferred to the customer with the promised goods or services, and the sales revenue will be recognized when the performance obligations are met over time. The revenue received before meeting the above-mentioned performance obligations are recognized as contract liabilities.

2) Sales revenue

When merchandise sold is shipped out or delivered, a customer has the right to set a price, use the merchandise, and has the main responsibility for resale, while bearing the risk of obsolescence of the merchandise, at which the Group recognizes it in sales revenue and accounts receivable. The revenue received before meeting the above-mentioned performance obligations are recognized as contract liabilities.

3) Lease and other services

Other service revenue is recognized as revenue when the service contract conditions are met in accordance with the relevant contract when the economic benefits are likely to flow into the Group and the revenue can be measured reliably. The revenue received before meeting the above-mentioned performance obligations are recognized as contract liabilities.

p. Lease

The Group assesses whether the contract is a lease on the contract establishment date.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

Except for leases of low-value assets to which the recognition exemption applies and lease payments for short-term leases, which are recognized as expenses on a straight-line basis over the lease term, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

The right-of-use asset is initially measured at cost (including the original measurement amount of the lease liability and the lease payment paid before the lease commencement date), and subsequently measured at the cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Right-of-use assets shall be recognized separately in the consolidated balance sheet.

The lessee shall depreciate the right-of-use asset on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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

Subsequently, the lease liability is measured on an amortized cost basis using the effective interest method, and the interest expense is amortized over the lease term. After the commencement date, the Group shall remeasure the lease liability to reflect changes to the lease index or rate and shall recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero, the Group shall recognize any remaining amount of the remeasurement in profit or loss. Lease liabilities shall be recognized separately in the consolidated balance sheet.

q. Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. GOVERNMENTS SUBSIDY

A government grant is not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to it, and that the grant will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the related assets and recognized as a reduced depreciation or amortization charge in profit or loss over the contract period or useful lives of the related assets.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognized in profit or loss of the period in which it becomes receivable.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

2) Post-employment benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the

changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Net defined benefit assets cannot exceed present value of the plan's returned contributions or possible decrease in future contributions.

t. Share-based payment arrangements

Employee stock options

Employee stock options are based on the fair value of equity instruments on the grant date and the best estimated amount expected to be acquired. Expenses are recognized on a straight-line basis during the acquired period, and capital surplus - employee stock options is adjusted at the same time. If it is immediately acquired on the grant date, the full amount of the fee shall be recognized on the grant date. When the Group issues employee stock options at cash capital increase, the date of notification to the employees shall be the grant date.

The Group revises the estimated number of expected vested employee stock options on each balance sheet date. If there is a revision to the original estimated quantity, the influence number is recognized as profit and loss, so that the accumulated expenses reflect the revised estimate, and the capital surplus - employee stock options is relatively adjusted.

u. Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1) Current income tax

The Group determines the current income (loss) in accordance with the laws and regulations formulated by each income tax reporting jurisdiction, and calculates the payable (recoverable) income tax accordingly.

According to the Income Tax Act, an additional tax on unappropriated earnings is provided for as income tax in the year the stockholders approve to retain earnings.

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

2) Deferred income tax

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

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

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

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

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

3) Current and deferred tax

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

When the Group adopts accounting policies, the management must make relevant judgments, estimates and assumptions based on experience and other relevant factors for the information that is not easily obtained from other sources. Actual results may differ from estimates.

The Group will take the possible impact on the economic environment, inflation, and market interest rate fluctuations into consideration when making major accounting estimates such as cash flow estimates, growth rates, discount rates, and profitability.

The management will continue to review the estimates and the basic assumptions.

Main sources of uncertainty in estimates and assumptions

Estimated impairment of financial assets and contract assets

The estimated impairment of accounts receivable, uncollectible receivables, other receivables, contract assets and debt instrument investments is based on the Group's assumptions about the loss given default and probability of default. The Group takes experience, current market conditions and forward-looking information into account to develop assumptions and inputs for impairment assessments. Please refer to Note 8, Note 9 and Note 24 for the key assumptions and inputs used. If the actual future cash flow is less than the Group's expectations, there may be significant impairment losses.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and working fund	\$ 397	\$ 343
Demand deposit in banks	2,287,039	1,436,447
Cash equivalent (Investments with original maturities of less than 3 months)		
Bank fixed deposit	<u>850,958</u>	<u>531,197</u>
	<u>\$ 3,138,394</u>	<u>\$ 1,967,987</u>

As of December 31, 2024 and 2023, the interest rate ranges for bank deposits were 0.002% to 4.8%, and 0.001% to 5.45%, respectively.

7. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Term deposit with an initial maturity of more than three months (1)	<u>\$ 213,949</u>	<u>\$ 17,000</u>
<u>Non-current</u>		
Restricted assets – time deposit (2)	<u>\$ 763</u>	<u>\$ 751</u>

- a. As of December 31, 2024 and 2023, the rates of annual interest for bank time deposits with the initial duration exceeding three months were 1.69%-4.30%, and 1.57%, respectively.
- b. As of December 31, 2024 and 2023, the restricted time deposit interest rates were 1.69% and 1.57% per annum.
- c. For credit risk management and impairment assessment related to financial assets measured at amortized cost, please refer to Note 8.
- d. For pledge of financial assets measured at amortized cost, please refer to Note 35.

8. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

The debt instruments invested by the Group are financial assets measured at amortized cost (including current and non-current):

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
At amortized cost		
Total amount	\$ 214,712	\$ 17,751
Less: Loss allowances	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 214,712</u>	<u>\$ 17,751</u>

The Group adopts the policy to invest only in debt instruments issued by creditworthy entities. The Group continues to track changes in the credit risk of the invested debt instruments, and reviews other information such as significant information of the debtor to assess whether the credit risk of the debt instrument investment has increased significantly since the original recognition.

To mitigate credit risk, the management of the Group will collect relevant information to assess the default risk of debt instrument investment. The Group gives appropriate internal ratings with reference to publicly available financial information.

The Group considers the debtor's historical record, current market conditions and business outlook to measure the 12-month expected credit loss or lifetime expected credit loss of the debt investment paid. As of December 31, 2024 and 2023, the Group

assessed that it was not necessary to report expected credit losses for debt investment paid.

9. ACCOUNT RECEIVABLES, UNCOLLECTIBLE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Accounts receivable</u>		
At amortized cost		
Total amount	\$ 1,529,643	\$ 1,010,713
Less: Loss allowances	(<u>5,257</u>)	(<u>1,175</u>)
	<u>\$ 1,524,386</u>	<u>\$ 1,009,538</u>
<u>Uncollectible receivables</u>		
At amortized cost		
Total amount	\$ -	\$ 6,936
Less: Loss allowances	<u>-</u>	(<u>6,936</u>)
	<u>\$ -</u>	<u>\$ -</u>
<u>Other receivables</u>		
OEM collection and payment	\$ 329,699	\$ 217,461
Income tax refund receivable	36,118	14,186
Interest receivable	7,125	2,924
Others	<u>3,995</u>	<u>1,641</u>
	<u>\$ 376,937</u>	<u>\$ 236,212</u>

a. Accounts receivable

The Group's average credit period for commodity sales ranges from prepayment to net 90 days end of the month, and the collection policy does not add interest to overdue accounts receivable. When determining the recoverability of accounts receivable, the Group considers any changes in the quality of notes receivable from the original credit date to the balance sheet date. Experience shows that most accounts receivable are recovered well.

To mitigate credit risk, the management of the Group performs credit limit determination, credit approval and other monitoring procedures for each counterparty to ensure appropriate actions have been taken to recover overdue accounts receivable. In addition, the Group will review the recoverable amount of accounts receivable one by one on the balance sheet date to ensure the unrecoverable accounts receivable are recognized as impairment losses. Accordingly, the management of the Group believes that the credit risk of the Group has been significantly reduced.

The Group recognizes loss allowance for accounts receivable based on lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix, which considers experience, current market conditions and business outlook. As the Group's credit loss experience shows that there is no significant difference in the provision matrix of different customer groups, the provision matrix does not further differentiate customer groups, and only sets the expected credit loss rate based on the number of days overdue for accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Group cannot reasonably expect the recoverable amount, the Group will write off the relevant accounts receivable and loss allowance, but will continue to pursue account recovery, and the amount recovered due to pursuit and recovery will be recognized in profit or loss.

The Group measures the loss allowance of accounts receivable according to the provision matrix as follows:

December 31, 2024

	Not past due	Past due within 60 days	Past due 61~90 days	Past due 91~120 days	Past due over 120 days	Total
Expected credit loss rate	0.02%~0.84%	0.02%~12.52%	6.74%~25%	13.56%~100%	50%~100%	
Total amount	\$ 1,434,019	\$ 95,269	\$ 17	\$ 337	\$ 1	\$ 1,529,643
Loss allowance (lifetime expected credit losses)	(3,216)	(1,926)	(2)	(112)	(1)	(5,257)
Amortized cost	<u>\$ 1,430,803</u>	<u>\$ 93,343</u>	<u>\$ 15</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ 1,524,386</u>

December 31, 2023

	Not past due	Past due within 60 days	Past due 61~90 days	Past due 91~120 days	Past due over 120 days	Total
Expected credit loss rate	0.01%~1.77%	0.05%~45.53%	6.33%~80.47%	16.71%~100%	39.23%~100%	
Total amount	\$ 950,574	\$ 59,865	\$ 67	\$ 175	\$ 32	\$ 1,010,713
Loss allowance (lifetime expected credit losses)	(553)	(582)	(15)	-	(25)	(1,175)
Amortized cost	<u>\$ 950,021</u>	<u>\$ 59,283</u>	<u>\$ 52</u>	<u>\$ 175</u>	<u>\$ 7</u>	<u>\$ 1,009,538</u>

Movements of the loss allowance for accounts receivable

	For the years ended December 31	
	2024	2023
Opening balance	\$ 1,175	\$ 792
Impairment losses for the current period	<u>4,082</u>	<u>383</u>
Ending balance	<u>\$ 5,257</u>	<u>\$ 1,175</u>

Uncollectible receivables

The Group recognizes loss allowance for uncollectible receivable based on lifetime expected credit losses. Lifetime expected credit losses considers

experience, current market conditions and business outlook. As of December 31, 2023, the expected credit loss ratio for overdue notes receivable was 100%.

Movements of the loss allowance for uncollectible receivable

	For the years ended December 31	
	2024	2023
Opening balance	\$ 6,936	\$ 6,936
Write-offs	(6,936)	-
Ending balance	<u>\$ -</u>	<u>\$ 6,936</u>

b. Other receivables

The Group accounts for other receivables such as OEM collection and payment, income tax refund receivable and interest receivable. The Group's policy is to only conduct business with customers with good credit. The Group continues to track and refer to the past default records of the counterparty and analyze its current financial position to assess whether the credit risk of other receivables has increased significantly since the original recognition and to measure the expected credit loss. If there is evidence that the counterparty has signs of default or the recoverable amount cannot be reasonably expected due to termination of the contract, the Group will write off the relevant other receivables and loss allowance, but will continue to pursue recovery where the amount recovered will be recognized in profit or loss. As of December 31, 2024 and 2023, the Group assessed that there was no need to recognize expected credit losses for other receivables.

10. INVENTORIES

	December 31, 2024	December 31, 2023
Finished goods	\$ 12,855	\$ 26,391
Work in process	74,161	33,292
Raw materials	563,254	318,799
Inventory in transit	21,665	1,413
	<u>\$ 671,935</u>	<u>\$ 379,895</u>

The nature of cost of goods sold is as follows:

	For the years ended December 31	
	2024	2023
Cost of inventories sold	\$ 5,295,410	\$ 4,461,617
Unapportioned manufacturing overhead	32,204	14,541
Lease cost	8,369	8,209
Inventory loss (reversal of write-down of inventories)	140,957	68,842
	<u>\$ 5,476,940</u>	<u>\$ 4,553,209</u>

11. SUBSIDIARY

a. Subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

Investment Company	Subsidiary	Main Activities	% of Ownership		Remark
			December 31, 2024	December 31, 2023	
The Company	eLaser Technologies Co., Ltd.	Manufacture and sales of electronic parts	-	-	Note 3
The Company	Centera Photonics Inc.	Manufacture and sales of electronic parts	54.56%	56.41%	Notes 4, 5, 6 and 7
The Company	GEM Services, Inc.	Holding company business	51%	51%	Note 1
GEM Services, Inc.	GEM Electronics Company Limited	Holding company business	100%	100%	Note 1
GEM Services, Inc.	GEM Tech Ltd.	Manufacture and sales of electronic parts	100%	100%	Note 1
GEM Electronics Company Limited	GEM Electronics (Shanghai) Co., Ltd.	Manufacture and sales of electronic parts	100%	100%	Note 2
GEM Electronics (Shanghai) Co., Ltd.	GEM Electronics (Hefei) Co., Ltd.	Manufacture and sales of electronic parts, factory leasing	100%	100%	Note 2

Note 1: The main business risk is currency risk.

Note 2: The main business risks are political risks and currency risks faced by government decrees and the changes between Taiwan and Mainland China.

Note 3: The Board of Directors, on December 22, 2022, approved eLaser Technologies Co., Ltd.'s dissolution and liquidation by resolution (on behalf of the shareholders' meeting), and the liquidation of the company was completed on August 10, 2023.

Note 4: Centera Photonics Inc. issued 330,000 new shares on May 9, 2023 due to the exercise of stock options by its employees, causing the Company's shareholding in the subsidiary to fall from 57.97% to 57.48%. As the aforementioned transaction did not change the Company's control over this subsidiary, the change is treated as an equity transaction. The effect recognized by the Company for 2023 due to the aforementioned transaction was for the adjustment of the capital surplus upward by \$566

thousand. Please refer to Note 30 for details of equity transactions with non-controlling interests.

Note 5: In November 2023, the Company did not participate in the cash capital increase of \$46,562 thousand of subsidiary, Centera Photonics Inc., in proportion to its shareholding, causing the Company's shareholding in the subsidiary to fall from 57.48% to 56.41%. As the aforementioned transaction did not change the Company's control over this subsidiary, the change is treated as an equity transaction. The effect recognized by the Company for 2023 due to the aforementioned transaction was for the adjustment of the capital surplus by \$2,168 thousand. Please refer to Note 30 for details of equity transactions with non-controlling interests.

Note 6: In September 2024, the Company did not participate in the cash capital increase of the subsidiary Centera Photonics Inc. in proportion to its shareholding, causing the Company's shareholding in the subsidiary to fall from 56.41% to 55.26%. As the aforementioned transaction did not change the Company's control over this subsidiary, the change is treated as an equity transaction. During 2024, the Company recognized the relevant effects due to the aforementioned transaction, leading to an adjustment by increasing the capital surplus by \$873 thousand. Please refer to Note 30 for equity transactions with non-controlling interests.

Note 7: Centera Photonics Inc. issued 630,000 new shares on October 23, 2024 due to the exercise of stock options by its employees, causing the Company's shareholding in the subsidiary to fall from 55.26% to 54.56%. As the aforementioned transaction did not change the Company's control over this subsidiary, the change is treated as an equity transaction. The effect recognized by the Company for 2024 due to the aforementioned transaction was for the adjustment of the capital surplus downward by \$12 thousand. Please refer to Note 30 for details of equity transactions with non-controlling interests.

b. Information on subsidiaries with material non-controlling interests

Subsidiary	% of Non-controlling interests	
	December 31, 2024	December 31, 2023
GEM Services, Inc.	49%	49%
Centera Photonics Inc.	45.44%	43.59%

Please refer to Table 4 for the country information of the principal business site and company registration.

Subsidiary	Net income (loss) distribution to non-controlling interests		Non-controlling interests	
	For the years ended December 31		December 31,	December 31,
	2024	2023	2024	2023
GEM Services, Inc.	<u>\$ 325,481</u>	<u>\$ 277,407</u>	<u>\$ 2,215,991</u>	<u>\$ 2,036,234</u>
Centera Photonics Inc.	<u>\$ 190,778</u>	<u>(\$ 69,450)</u>	<u>\$ 321,330</u>	<u>\$ 114,822</u>

The consolidated financial information for the following subsidiaries has been prepared at balances before intercompany transactions are eliminated:

GEM Services, Inc.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current assets	\$ 3,734,968	\$ 2,949,942
Non-current assets	2,885,958	3,197,037
Current liabilities	(1,566,854)	(1,441,079)
Non-current liabilities	(531,979)	(550,631)
EQUITY	<u>\$ 4,522,093</u>	<u>\$ 4,155,269</u>

Equity attributable to:

Owners of the Company	\$ 2,306,102	\$ 2,119,035
Non-controlling interests	<u>2,215,991</u>	<u>2,036,234</u>
	<u>\$ 4,522,093</u>	<u>\$ 4,155,269</u>

	<u>For the years ended December 31</u>	<u>For the years ended December 31</u>
	2024	2023
Operating revenue	<u>\$ 4,670,539</u>	<u>\$ 4,418,989</u>
Net income	\$ 664,197	\$ 566,094
Other comprehensive income	<u>154,293</u>	(<u>44,873</u>)
Total comprehensive income (loss)	<u>\$ 818,490</u>	<u>\$ 521,221</u>

Net income attributable to:

Owners of the Company	\$ 338,716	\$ 288,687
Non-controlling interests	<u>325,481</u>	<u>277,407</u>
	<u>\$ 664,197</u>	<u>\$ 566,094</u>

Total comprehensive income (loss) attributable to

Owners of the Company	\$ 417,400	\$ 265,803
Non-controlling interests	<u>401,090</u>	<u>255,418</u>
	<u>\$ 818,490</u>	<u>\$ 521,221</u>
Cash flow		
From operating activities	\$ 1,299,084	\$ 1,022,145
From investing activities	(422,903)	(572,216)
From financing activities	(485,407)	(679,452)
Effect of exchange rate changes	<u>153,231</u>	<u>(12,621)</u>
Net cash generated (used in)	<u>\$ 544,005</u>	<u>(\$ 242,144)</u>
Dividends to non-controlling interests		
GEM Services, Inc.	<u>\$ 221,318</u>	<u>\$ 347,849</u>

Centera Photonics Inc.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current assets	\$ 1,291,547	\$ 285,849
Non-current assets	62,928	29,488
Current liabilities	(644,621)	(51,925)
Non-current liabilities	(<u>2,670</u>)	<u>-</u>
Equity	<u>\$ 707,184</u>	<u>\$ 263,412</u>
Equity attributable to:		
Owners of the Company	\$ 385,854	\$ 148,590
Non-controlling interests	<u>321,330</u>	<u>114,822</u>
	<u>\$ 707,184</u>	<u>\$ 263,412</u>
	<u>For the years ended December 31</u>	<u>For the years ended December 31</u>
	<u>2024</u>	<u>2023</u>
Operating revenue	<u>\$ 2,023,000</u>	<u>\$ 37,965</u>
Net profit (loss) for the year	\$ 426,805	(\$ 163,642)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income (loss)	<u>\$ 426,805</u>	<u>(\$ 163,642)</u>
Net income (loss) attributable to:		

Owners of the Company	\$ 236,027	(\$ 94,192)
Non-controlling interests	<u>190,778</u>	(<u>69,450</u>)
	<u>\$ 426,805</u>	(<u>\$ 163,642</u>)
Total comprehensive income (loss) attributable to		
Owners of the Company	\$ 236,027	(\$ 94,192)
Non-controlling interests	<u>190,778</u>	(<u>69,450</u>)
	<u>\$ 426,805</u>	(<u>\$ 163,642</u>)
Cash flow		
From operating activities	\$ 467,297	(\$ 184,563)
From investing activities	(13,501)	(12,868)
From financing activities	12,321	3,510
Effect of exchange rate changes	<u>10,818</u>	<u>57</u>
Net cash generated (used in)	<u>\$ 476,935</u>	(<u>\$ 193,864</u>)

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Associates that are not individually material		
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	<u>\$ 125,814</u>	<u>\$ 116,704</u>

Shareholding and voting rights of the Group in the associates at the balance sheet date are as follows:

Name of Company	Main Activities	Location	% of Ownership	
			December 31, 2024	December 31, 2023
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Production, design, packaging and testing of power management electronic accessories	Hefei City, Anhui Province, China	20%	20%

Aggregate information of associates that are not individually material

	For the years ended December 31	
	2024	2023
Attributable to the Group		
Net income	\$ 9,624	\$ 21,650
Other comprehensive income	-	-
Total comprehensive income (loss)	<u>\$ 9,624</u>	<u>\$ 21,650</u>

Share of profit of associates accounted for using equity method is recognized based on the financial statements of the associates that have been audited by CPA during the same period.

13. PROPERTY, PLANT AND EQUIPMENT - SELF-USE

	Self-owned land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Miscellaneous equipment	Property under construction and equipment to be inspected	Total
<u>Cost</u>									
Balance at January 1, 2024	\$ 743,384	\$ 1,019,524	\$ 7,239,402	\$ 10,479	\$ 73,864	\$ 179,404	\$ 117,641	\$ 186,307	\$ 9,570,005
Additions	-	9,533	168,500	-	2,239	11,974	19,151	172,777	384,174
Reclassification (Note)	-	1,029	164,545	-	1,363	-	-	(152,410)	14,527
Disposal	-	(30,784)	(287,535)	-	(2,142)	(643)	(11,306)	-	(332,410)
Effect of exchange rate changes	-	27,068	151,399	194	3,075	4,258	4,672	6,954	197,620
Balance at December 31, 2024	<u>\$ 743,384</u>	<u>\$ 1,026,370</u>	<u>\$ 7,436,311</u>	<u>\$ 10,673</u>	<u>\$ 78,399</u>	<u>\$ 194,993</u>	<u>\$ 130,158</u>	<u>\$ 213,628</u>	<u>\$ 9,833,916</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2024	\$ -	\$ 322,892	\$ 4,515,191	\$ 8,969	\$ 61,718	\$ 123,138	\$ 87,433	\$ -	\$ 5,119,341
Depreciation expense	-	48,755	671,607	789	5,522	45,115	15,889	-	787,677
Impairment losses	-	-	8,534	-	-	-	-	-	8,534
Disposal	-	(30,784)	(275,199)	-	(2,142)	(643)	(11,303)	-	(320,071)
Effect of exchange rate changes	-	8,338	111,813	187	2,822	2,673	3,791	-	129,624
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 349,201</u>	<u>\$ 5,031,946</u>	<u>\$ 9,945</u>	<u>\$ 67,920</u>	<u>\$ 170,283</u>	<u>\$ 95,810</u>	<u>\$ -</u>	<u>\$ 5,725,105</u>
Carrying amount at December 31, 2024	<u>\$ 743,384</u>	<u>\$ 677,169</u>	<u>\$ 2,404,365</u>	<u>\$ 728</u>	<u>\$ 10,479</u>	<u>\$ 24,710</u>	<u>\$ 34,348</u>	<u>\$ 213,628</u>	<u>\$ 4,108,811</u>
<u>Cost</u>									
Balance at January 1, 2023	\$ 743,384	\$ 1,014,002	\$ 7,013,234	\$ 10,543	\$ 72,523	\$ 180,847	\$ 130,900	\$ 112,158	\$ 9,277,591
Additions	-	13,777	63,616	-	3,887	8,903	7,927	131,303	229,413
Reclassification (Note)	-	673	454,964	-	261	-	4,221	(54,220)	405,899
Disposal	-	-	(235,837)	-	(1,800)	(8,960)	(23,855)	-	(270,452)
Effect of exchange rate changes	-	(8,928)	(56,575)	(64)	(1,007)	(1,386)	(1,552)	(2,934)	(72,446)
Balance at December 31, 2023	<u>\$ 743,384</u>	<u>\$ 1,019,524</u>	<u>\$ 7,239,402</u>	<u>\$ 10,479</u>	<u>\$ 73,864</u>	<u>\$ 179,404</u>	<u>\$ 117,641</u>	<u>\$ 186,307</u>	<u>\$ 9,570,005</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2023	\$ -	\$ 275,939	\$ 4,082,198	\$ 8,188	\$ 58,433	\$ 85,777	\$ 96,670	\$ -	\$ 4,607,205
Depreciation expense	-	49,684	702,689	843	6,013	47,191	15,859	-	822,279
Impairment losses	-	-	7,609	-	-	-	-	-	7,609
Disposal	-	-	(234,841)	-	(1,800)	(8,960)	(23,851)	-	(269,452)
Effect of exchange rate changes	-	(2,731)	(42,464)	(62)	(928)	(870)	(1,245)	-	(48,300)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 322,892</u>	<u>\$ 4,515,191</u>	<u>\$ 8,969</u>	<u>\$ 61,718</u>	<u>\$ 123,138</u>	<u>\$ 87,433</u>	<u>\$ -</u>	<u>\$ 5,119,341</u>
Carrying amount at December 31, 2023	<u>\$ 743,384</u>	<u>\$ 696,632</u>	<u>\$ 2,724,211</u>	<u>\$ 1,510</u>	<u>\$ 12,146</u>	<u>\$ 56,266</u>	<u>\$ 30,208</u>	<u>\$ 186,307</u>	<u>\$ 4,450,664</u>

Note: It was transferred from other non-current assets - prepaid equipment.

Due to the influence of the industry and market environment, the Group's sales failed to meet the expected target. It was assessed that future cash inflows would be reduced, resulting in its recoverable amount being less than the carrying amount. Therefore, impairment losses of \$8,534 thousand and \$7,609 thousand were recognized for 2024 and 2023, respectively. The impairment loss has been accounted for under other income and expenses and losses in the consolidated statement of comprehensive income. The Group adopts value in use as the recoverable amount of such machinery and equipment, and the discount rates used were 19% and 18.33%, respectively.

Depreciation expense is accrued on a straight-line basis for the following economic life:

Buildings	
Factory main building	20 to 50 years
Building improvement	5 to 20 years
Machinery and equipment	3 to 15 years
Transportation equipment	5 years
Office equipment	3 to 7 years
Leasehold improvements	2 to 10 years
Miscellaneous equipment	2 to 10 years

Please refer to Note 35 for the amount of property, plant and equipment pledged as collateral.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount		
Land (Note)	\$ 39,469	\$ 38,639
Buildings	131,062	70,341
Office equipment	<u>3,574</u>	<u>4,492</u>
	<u>\$ 174,105</u>	<u>\$ 113,472</u>
	<u>For the years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Addition of right-of-use assets	<u>\$ 100,600</u>	<u>\$ 4,528</u>
Depreciation of right-of-use assets		
Land	\$ 1,167	\$ 1,145
Buildings	42,309	41,628
Office equipment	<u>970</u>	<u>1,021</u>
	<u>\$ 44,446</u>	<u>\$ 43,794</u>

Note: For the land use right in mainland China, the Group has obtained the Land Use Certificates for State Owned Land, and the lease period is 50 years.

Part of the land leased by the Group in Hefei, Anhui Province, China has been sub-leased to Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd. under operational leasing from January 1, 2022, and the relevant right-of-use assets are presented as investment properties please refer to Note 15. The relevant amount of the above right-of-use assets does not include the right-of-use assets that meet the definition of investment properties.

No impairment losses were recognized or reversed in 2024 and 2023.

b. Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amounts		
Current	<u>\$ 44,848</u>	<u>\$ 41,956</u>
Non-current	<u>\$ 90,519</u>	<u>\$ 35,497</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Buildings	0.99% ~ 4.35%	0.99% ~ 4.35%
Office equipment	1.36% ~ 4.35%	1.36% ~ 4.35%

c. Important lease activities and terms

The lease period of the buildings and office equipment leased by the Group is about 1 to 10 years. Among them, the rent of the building is adjusted according to the fluctuation of the price indices and the terms are reviewed during the lease period. At the end of the lease period, the Group has no bargain purchase price option to purchase the leased buildings and office equipment.

Some of the Group's building leases contain options to extend the leases. Such terms allow the Group to have maximum operational flexibility. If the Group cannot be reasonably certain that the options will be exercised, such terms are not reflected in the measurement of the lease liabilities.

d. Other lease information

	<u>For the years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Expense relating to short-term leases	<u>\$ 7,325</u>	<u>\$ 5,531</u>
Total cash outflow for leases	<u>(\$ 53,942)</u>	<u>(\$ 50,908)</u>

The Group has chosen to apply the recognition exemption to building and other equipment leases that qualify as short-term leases and will not recognize the related right-of-use assets and lease liabilities.

15. INVESTMENT PROPERTY

	<u>Buildings</u>	<u>Right-of-use assets - land</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2024	\$ 209,808	\$ 5,453	\$ 215,261
Effect of exchange rate changes	<u>10,918</u>	<u>284</u>	<u>11,202</u>
Balance at December 31, 2024	<u>\$ 220,726</u>	<u>\$ 5,737</u>	<u>\$ 226,463</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2024	\$ 165,759	\$ 691	\$ 166,450
Depreciation expense	7,597	144	7,741
Effect of exchange rate changes	<u>8,712</u>	<u>38</u>	<u>8,750</u>
Balance at December 31, 2024	<u>\$ 182,068</u>	<u>\$ 873</u>	<u>\$ 182,941</u>
Carrying amount at December 31, 2024	<u>\$ 38,658</u>	<u>\$ 4,864</u>	<u>\$ 43,522</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 213,400	\$ 5,546	\$ 218,946
Effect of exchange rate changes	(<u>3,592</u>)	(<u>93</u>)	(<u>3,685</u>)
Balance at December 31, 2023	<u>\$ 209,808</u>	<u>\$ 5,453</u>	<u>\$ 215,261</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ 161,169	\$ 563	\$ 161,732
Depreciation expense	7,452	141	7,593
Effect of exchange rate changes	(<u>2,862</u>)	(<u>13</u>)	(<u>2,875</u>)
Balance at December 31, 2023	<u>\$ 165,759</u>	<u>\$ 691</u>	<u>\$ 166,450</u>
Carrying amount at December 31, 2023	<u>\$ 44,049</u>	<u>\$ 4,762</u>	<u>\$ 48,811</u>

The right-of-use assets in the investment property is the subleasing of the leased land located in Hefei City, Anhui Province, China to Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd. under operational leasing.

The lease term of the investment property (including buildings and right-of-use assets - land) is 5 years with an option to extend the lease term for 2 years. The lessees do not have purchase options to acquire the assets at the expiration of the lease periods.

The maturity analysis of operating lease payments receivable from the investment property is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Year 1	\$ 49,888	\$ 47,420
Year 2	49,888	47,420
Year 3	-	47,420
Year 4	-	-
Year 5	-	-
	<u>\$ 99,776</u>	<u>\$ 142,260</u>

The Group implements a general risk management policy to reduce the residual risk of the leased buildings and right-of-use assets upon expiry of the lease term.

No impairment losses were recognized or reversed in 2024 and 2023.

Investment properties are depreciated on a straight-line basis over the following economic life:

Buildings

Factory main building	20 years
Right-of-use assets - land	50 years

The fair value of the investment properties is measured by the independent appraisal company Anhui Huateng Property Assessment Office as a Level 3 input on the balance sheet date. The evaluation is based on market evidence of similar property transaction prices and the cash flow method, and the important unobservable input used include discount rate. The fair value obtained from the evaluation is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value	<u>\$ 262,385</u>	<u>\$ 258,103</u>

16. GOODWILL

	<u>For the years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Cost</u>		
Opening balance	\$ 32,577	\$ 32,577
Ending balance	<u>\$ 32,577</u>	<u>\$ 32,577</u>
<u>Accumulated impairment losses</u>		
Opening balance	\$ -	\$ -
Impairment losses recognized in the current period	<u>32,577</u>	<u>-</u>
Ending balance	<u>\$ 32,577</u>	<u>\$ -</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 32,577</u>

The cost of the Group acquiring the subsidiary, Centera Photonics Inc., higher than the net value of the identifiable assets and liabilities assumed on the date of acquisition is recognized in goodwill.

The Group conducted an impairment assessment of the recoverable amount of goodwill and adopted value in use as the basis for calculating the recoverable amount. In 2024, the Group assessed that the recoverable amount of Centera Photonics Inc. was less than its carrying amount, so it recognized a goodwill impairment loss of \$32,577 thousand. The impairment loss has been included in the other gains and losses of the consolidated statement of comprehensive income, and the discount rate used is 11.40%.

17. INTANGIBLE ASSETS

	<u>Computer software</u>
<u>Cost</u>	
Balance at January 1, 2024	\$ 9,292
Additions	978
Disposal	(2,011)
Effect of exchange rate changes	<u>257</u>
Balance at December 31, 2024	<u>\$ 8,516</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2024	\$ 3,622
Amortization expense	2,877
Disposal	(2,011)
Effect of exchange rate changes	<u>75</u>
Balance at December 31, 2024	<u>\$ 4,563</u>
Carrying amount at December 31, 2024	<u>\$ 3,953</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 13,212
Additions	3,502
Disposal	(7,339)
Effect of exchange rate changes	(<u>83</u>)
Balance at December 31, 2023	<u>\$ 9,292</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	\$ 7,036
Amortization expense	3,939
Disposal	(7,339)
Effect of exchange rate changes	(<u>14</u>)
Balance at December 31, 2023	<u>\$ 3,622</u>
Carrying amount at December 31, 2023	<u>\$ 5,670</u>

Amortization expenses are accrued on a straight-line basis over the economic life:

Computer software 2 to 5 years

18. OTHER ASSETS

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Prepayments		
Tax credit	\$ 206,455	\$ 215,486
Prepayments to suppliers	11,954	11,944
Others	<u>27,161</u>	<u>23,125</u>
	<u>\$ 245,570</u>	<u>\$ 250,555</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 156,220	\$ 24,356
Refundable deposits paid (Note)	11,737	11,494
Uncollectible receivables (Note 9)	<u>-</u>	<u>6,936</u>
	167,957	42,786
Less: Loss allowances	<u>-</u>	(<u>6,936</u>)
	<u>\$ 167,957</u>	<u>\$ 35,850</u>

Note: The Group considers the debtor's historical record, current market conditions and business outlook to measure the 12-month expected credit loss or lifetime expected credit loss of the refundable deposit paid. As of December 31, 2024 and 2023, the Group assessed that it was not necessary to report expected credit losses for refundable deposits paid.

19. BORROWINGS

a. Short-term borrowings

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Unsecured borrowings</u>		
Credit line borrowings	<u>\$ 50,000</u>	<u>\$ -</u>

The interest rate of the bank revolving loans was 1.92% as of December 31, 2024.

b. Long-term borrowings

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Secured borrowings</u>		
(Note 35)		
Bank borrowings	\$ 286,808	\$ 205,000
Less: Current portion	(<u>64,527</u>)	(<u>24,709</u>)
Long-term borrowings	<u>\$ 222,281</u>	<u>\$ 180,291</u>

The borrowings of the Group include:

	Due date	Material terms	December 31, 2024		December 31, 2023	
			Amount	Effective rate %	Amount	Effective rate %
Floating rate borrowing						
Taiwan Cooperative Bank						
Secured borrowings for land and buildings	September 23, 2031	The borrowings amount of \$60,000 thousand is divided into 84 monthly installments starting October 2024 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting October 2025.	\$ 60,000	1.87	\$ -	-
Secured borrowings for land and buildings	May 29, 2031	The borrowings amount of \$135,000 thousand is divided into 84 monthly installments starting June 2024 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting June 2025.	135,000	1.87	-	-
Machinery and equipment secured borrowings	October 20, 2026	The borrowing amount of \$80,000 thousand is divided into 36 monthly installments starting November 2023 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting November 2024.	73,447	1.87	80,000	1.74
Machinery and equipment secured borrowings	October 20, 2026	The borrowing amount of \$20,000 thousand is divided into 36 monthly installments starting November 2023 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting November 2024.	18,361	1.87	20,000	1.74
Secured borrowings for land and buildings	March 20, 2030	The borrowing amount of \$135,000 thousand is divided into 84 monthly installments starting April 2023 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting April 2024. (Amounts of \$30,000 thousand and \$105,000 thousand were repaid in advance in September 2023 and June 2024, respectively).	-	-	105,000	1.74
			286,808		205,000	
Less: Current portion			(64,527)		(24,709)	
Balance of long-term bank borrowings			<u>\$ 222,281</u>		<u>\$ 180,291</u>	

20. OTHER LIABILITIES

	December 31, 2024	December 31, 2023
<u>Current</u>		
Other payables		
Salaries payable and bonus	\$ 484,873	\$ 323,877
OEM collection and payment	264,118	185,486
Payable for equipment (Note 31)	167,922	174,918
Insurance premium	46,799	46,286
Commission expense	31,034	411
Compensation payable	25,165	-
Pension	21,115	20,398

Professional service fee	11,661	7,611
Repair and maintenance expense	8,394	5,861
Processing fee	6,463	1,706
Import and export fees	5,575	770
Freight	3,647	685
Business tax	2,778	1,906
Cash dividends (Note 31)	\$ 146	\$ 131
Interest	139	117
Others	<u>89,664</u>	<u>65,935</u>
	<u>\$ 1,169,493</u>	<u>\$ 836,098</u>

Other current liabilities

Guarantee deposit - payments received to retain capacity (Note 31) (Note)	\$ 175,872	\$ 158,181
Advance receipts (Note 34)	4,097	3,895
Others	<u>2,566</u>	<u>2,090</u>
	<u>\$ 182,535</u>	<u>\$ 164,166</u>

Non-current

Guarantee deposits and margins received

Payments received to retain capacity (Note)	\$ 418,545	\$ 510,561
Others (Note 34)	<u>20,717</u>	<u>19,692</u>
	<u>\$ 439,262</u>	<u>\$ 530,253</u>

Note: To expand the production capacity in response to the increase in customer demand, the Group has signed a production capacity agreement with its customers and collected a production capacity deposit which the customers can offset the payment for shipments in phases during the production capacity guarantee period according to the conditions stipulated in the agreement.

21. PROVISIONS

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Warranties	<u>\$ 57,785</u>	<u>\$ 37,849</u>
	<u>For the years ended December 31</u>	<u>For the years ended December 31</u>
	<u>2024</u>	<u>2023</u>
Opening balance	\$ 37,849	\$ 36,419
Additions	20,521	3,000
Usage	(585)	(1,570)
Ending balance	<u>\$ 57,785</u>	<u>\$ 37,849</u>

The warranties provision for liabilities is the present value of the best estimate of the future economic outflows due to the warranties obligations by the management of the Group according to the contract for the sale of goods. This estimate is based on historical warranties and adjusted by taking into account new raw materials, changes in the process or other factors that affect product quality.

22. RETIREMENT BENEFIT PLANS

a. Determined contribution plans

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

The employees of the subsidiaries of the Group in Mainland China are enrolled in the pension system operated by the local location government. These subsidiaries are required to contribute a specified percentage of payroll to fund the pension system. The Group's obligation to this government-operated pension system is only to contribute the specified amount.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the "Labor Standards Act" is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the Supervisory Committee of Business Entities' Labor Retirement Reserve. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, if the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, Elite Advanced Laser Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence the investment policy and strategy.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligation	\$ 45,168	\$ 48,385
Fair value of plan assets	(<u>16,061</u>)	(<u>15,540</u>)
Deficit	<u>29,107</u>	<u>32,845</u>
Net defined benefit liabilities	<u>\$ 29,107</u>	<u>\$ 32,845</u>

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

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (asset)
January 1, 2024	<u>\$ 48,385</u>	(<u>\$ 15,540</u>)	<u>\$ 32,845</u>
Service cost			
Current service cost	502	-	502
Interest expense (income)	<u>605</u>	(<u>197</u>)	<u>408</u>
Recognized in profit or loss	<u>1,107</u>	(<u>197</u>)	<u>910</u>
Remeasurement			
Return on plan assets (excluding the amounts included in net interest)	-	(1,648)	(1,648)
Actuarial (profit) loss - changes in financial assumptions	(774)	-	(774)
Actuarial (profit) loss - experience adjustment	(<u>1,834</u>)	<u>-</u>	(<u>1,834</u>)
Recognized in other comprehensive income	(<u>2,608</u>)	(<u>1,648</u>)	(<u>4,256</u>)
Contributions from the employer	<u>-</u>	(<u>392</u>)	(<u>392</u>)
Benefits paid	(<u>1,716</u>)	<u>1,716</u>	<u>-</u>
December 31, 2024	<u>\$ 45,168</u>	(<u>\$ 16,061</u>)	<u>\$ 29,107</u>
January 1, 2023	<u>\$ 52,193</u>	(<u>\$ 20,631</u>)	<u>\$ 31,562</u>
Service cost			
Current service cost	618	-	618
Interest expense (income)	<u>586</u>	(<u>234</u>)	<u>352</u>
Recognized in profit or loss	<u>1,204</u>	(<u>234</u>)	<u>970</u>
Remeasurement			
Return on plan assets (excluding the amounts included in net interest)	-	(179)	(179)
Actuarial (profit) loss - changes in financial assumptions	(419)	-	(419)

Actuarial (profit) loss - experience adjustment	<u>1,303</u>	<u>-</u>	<u>1,303</u>
Recognized in other comprehensive income	<u>884</u>	<u>(179)</u>	<u>705</u>
Contributions from the employer	<u>-</u>	<u>(392)</u>	<u>(392)</u>
Benefits paid	<u>(5,896)</u>	<u>5,896</u>	<u>-</u>
December 31, 2023	<u>\$ 48,385</u>	<u>(\$ 15,540)</u>	<u>\$ 32,845</u>

Through the defined benefit plans under the “Labor Standards Act”, the Company is exposed to the following risks:

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

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	1.50%	1.250%
Expected rates of salary increase	3.00%	3.00%

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate		
Increase by 0.25%	<u>(\$ 748)</u>	<u>(\$ 818)</u>
Decrease by 0.25%	<u>\$ 774</u>	<u>\$ 845</u>

Expected rates of salary increase		
Increase by 0.25%	<u>\$ 752</u>	<u>\$ 819</u>
Decrease by 0.25%	<u>(\$ 731)</u>	<u>(\$ 797)</u>

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Expected contributions to the plan for the next year	<u>\$ 404</u>	<u>\$ 392</u>
Average duration of the defined benefit obligation	6.6 years	6.8 years

23. EQUITY

a. Capital stock

Common stock

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Authorized shares (in thousands)	<u>300,000</u>	<u>300,000</u>
Authorized capital (NTD in thousand)	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Issued and paid shares (in thousands)	<u>145,681</u>	<u>145,681</u>
Issued capital (NTD in thousand)	<u>\$ 1,456,814</u>	<u>\$ 1,456,814</u>

The authorized shares include 10,000 thousand shares allocated for the exercise of employee stock options.

A holder of issued common shares with par value of \$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>May be used to offset a deficit, distributed as cash dividends or transferred to capital</u> (Note 1)		
Additional paid-in capital	\$ 322,130	\$ 322,130
Treasury stocks	<u>6,420</u>	<u>6,420</u>
	<u>\$ 328,550</u>	<u>\$ 328,550</u>
<u>May only be used to offset a deficit</u> From share of changes in equities of subsidiaries (Note 2)		
	<u>\$ 127,923</u>	<u>\$ 126,686</u>

Note 1: Such capital surplus can be used to offset a deficit, in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the Company's paid-in capital.

Note 2: This capital surplus is the amount of equity transaction impact recognized due to changes in the Company's equity when the Company does not subscribe to the subsidiary's equity in proportion to its shareholding, or the adjusted amount recognized by the Company using the equity method to recognize the subsidiary's capital surplus.

c. Retained earnings and dividend policy

In accordance with the Company's earnings distribution policy in the Articles of Association, if there is a surplus after the annual financial report, the Company will pay taxes and make up for previous annual deficit and add items other than the after-tax net profit to the undistributed earnings for the current period. Also, 10% of legal reserve shall be set aside and if necessary, the special reserve shall be set aside in accordance with relevant laws or regulations, and the accumulated undistributed earnings of the previous year shall be added as the distributable surplus, which shall be reserved by the Board of Directors according to operation capital demand and distributed in accordance with the earnings distribution proposal submitted to the shareholder's meeting for resolution. When the net amount of other equity deductions accumulated in the previous period is set aside as a special reserve, if the undistributed earnings in the previous period is

insufficient to be set aside, items other than after-tax net profit plus after-tax net profit for the current period are included in the undistributed earnings for the current period. The Company's dividend policy is to evaluate the Company's future capital needs, financial structure, and earnings. As the Company is in the growth stage with the industry outlook and development trend changing rapidly, continuous investment, R&D and a sound financial structure are required to create a competitive advantage. Future earnings will be appropriately distributed in the form of stock dividends or cash dividends, depending on the Company's operation. The total amount of dividends shall be at least 5% of the distributable earnings for the current year, of which cash dividends shall not be less than 20% of the total dividends.

Please refer to Note 25 (9) Employee Remuneration and Director Remuneration for the employees and directors remuneration policy stipulated in the Articles of Association of the Company.

According to Article 237 of the Company Act of the Republic of China, when allocating surplus profits after having paid all taxes and dues, shall first set aside 10% of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. The legal reserve can be used to make up for losses. When the Company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in capital can be allocated in cash in addition to being accounted as share capital.

The Company set aside the special reserve in accordance with the Official Letter Chin-Kuan-Cheng-Fa-Tzu No. 1090150022 and "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs (IFRS Accounting Standards)".

The Company held regular shareholders' meetings on June 7, 2024 and June 6, 2023, and the resolutions were passed respectively to approve the 2023 and 2022 annual earnings distribution proposals as shown below:

	For the years ended December 31	
	2023	2022
Legal reserve provided	\$ -	\$ 19,712
Special reserve provided	\$ 18,307	\$ 2,417
Cash dividends	\$ -	\$ 72,841
Cash dividend per share (NT\$)	\$ -	\$ 0.5

On March 11, 2025, the Company's Board of Directors proposed the 2024 earnings distribution as follows:

	For the years ended December 31, 2024
Legal reserve provided	<u>\$ 55,983</u>
Reversal of special reserve	<u>(\$ 62,947)</u>
Cash dividends	<u>\$ 72,841</u>
Cash dividend per share (NT\$)	\$ 0.5

The 2024 earnings distribution plan is yet to be resolved at the shareholders' meeting which is expected to be held on May 28, 2025.

d. Special reserve

	For the years ended December 31	
	2024	2023
Opening balance	\$ 67,718	\$ 65,301
Appropriations in respect of debits to other equity items	<u>18,307</u>	<u>2,417</u>
Ending balance	<u>\$ 86,025</u>	<u>\$ 67,718</u>

e. Others

Exchange differences on translation of foreign financial statements:

	For the years ended December 31	
	2024	2023
Opening balance	(\$ 86,025)	(\$ 67,718)
Recognized in the current period		
Foreign operations - foreign currency translation differences	78,684	(22,884)
Related tax	(15,737)	<u>4,577</u>
Other comprehensive income	<u>62,947</u>	(18,307)
Ending balance	<u>(\$ 23,078)</u>	<u>(\$ 86,025)</u>

f. Non-controlling interests

	For the years ended December 31	
	2024	2023
Opening balance	\$ 2,151,056	\$ 2,268,740
Net income	516,259	207,957
Other comprehensive income		
Foreign operations - foreign currency translation differences	75,609	(21,989)
Changes in subsidiaries' ownership (Notes 11 and 30)	(861)	(2,734)
Cash dividend issued from subsidiaries	(221,333)	(347,809)
Employee stock options recognized by subsidiaries (Note 28)	\$ 291	\$ 153
Cash capital increase by subsidiaries	10,000	43,438
Ordinary shares issued under subsidiary's employee stock option plans	6,300	3,300
Ending balance	<u>\$ 2,537,321</u>	<u>\$ 2,151,056</u>

24. REVENUE

	For the years ended December 31	
	2024	2023
Revenue from contracts with customers		
Packaging and testing	\$ 5,231,906	\$ 5,000,439
Merchandise sales	2,022,003	27,778
Other operating revenue		
Others (Note 34)	313,752	370,980
	<u>\$ 7,567,661</u>	<u>\$ 5,399,197</u>

a. Detail of customer contracts

1) Packaging and testing

The customer contract signed by the Group includes two performance obligations of packaging and testing services. The customer pays the contract transaction price after obtaining the packaged or tested product. Since the time interval between the transfer of labor services and the customer's payment is less than a year, the significant financial component of the contract transaction price will not be adjusted. The stand-alone selling prices for packaging and testing services are determined using the expected cost plus

a margin approach and are used to allocate the transaction price to each performance obligation.

2) Merchandise sales

It refers to the sale of products, such as silicon-based high-speed optical interconnect modules and silicon photonics system-on-chips. The transaction price refers to the market and is negotiated by both parties.

3) Lease and other services

Other service contracts signed by the Group were from electroplating processing services outsourced by customers, building leasing services, production equipment installation and testing services, and product research and development services. The prices of the services were determined in accordance with the contracts.

b. Contract balance

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable (Note 9)	\$ 1,524,386	\$ 1,009,538	\$ 986,290
Accounts receivable due from related parties (Note 34)	<u>8,903</u>	<u>9,885</u>	<u>9,583</u>
	<u>\$ 1,533,289</u>	<u>\$ 1,019,423</u>	<u>\$ 995,873</u>
Contract assets			
Packaging and testing	\$ 252,003	\$ 192,649	\$ 190,216
Less: Loss allowances	<u>(38,964)</u>	<u>(36,216)</u>	<u>(38,454)</u>
	<u>\$ 213,039</u>	<u>\$ 156,433</u>	<u>\$ 151,762</u>
Contract liabilities			
Packaging and testing	\$ 25,964	\$ 31,293	\$ 12,039
Merchandise sales	<u>1,616</u>	<u>16,181</u>	<u>19</u>
	<u>\$ 27,580</u>	<u>\$ 47,474</u>	<u>\$ 12,058</u>

Changes in contract assets and contract liabilities are due to the difference between the timing of meeting performance obligations and the timing of payment. Other major changes are as follows:

	For the years ended December 31	
	2024	2023
<u>Contract assets</u>		
Balance at beginning of the period transfers to accounts receivable	(\$ 161,579)	(\$ 162,510)

The Group recognizes loss allowance for contract assets based on lifetime expected credit losses. The average process duration of the packaging and testing service contracts signed by the Group is 20 to 60 days. When determining the possibility of obtaining an unconditional right of payment for contract assets in the future, the policy adopted by the Group refers to the historical experience of the counterparty's relevant contract assets, current market conditions and business outlook, considers the contracts that are still under obligations on the balance sheet date, examines each contract for stagnation, and recognizes the loss allowance for contract assets according to the expected credit losses during the duration. If there is evidence indicating that the performance obligations of the contract have been suspended for a period exceeding the normal manufacturing process and the Group cannot reasonably anticipate the contract resumption time, the Group will recognize the loss allowance at full amount, but will continue to pursue the stagnation of the contract, and carry out the obligation when the stagnation has been eliminated. If there is evidence that the counterparty has signs of breach of contract or is facing serious debt difficulties where the recoverable amount cannot be reasonably estimated, the Group will directly write off the relevant contract assets and loss allowance, but will continue to pursue for recovery. The amount recovered by the pursuit will be recognized in profit or loss.

	December 31, 2024	December 31, 2023
Expected credit loss rate	15%	19%
Total amount	\$ 252,003	\$ 192,649
Loss allowance (lifetime expected credit losses)	(<u>38,964</u>)	(<u>36,216</u>)
	<u>\$ 213,039</u>	<u>\$ 156,433</u>

Movements of the loss allowance for contract assets

	For the years ended December 31	
	2024	2023
Opening balance	\$ 36,216	\$ 38,454
Impairment losses for the current period	2,714	-
Reversal	-	(1,243)
Write-offs (Note)	-	(996)
Exchange differences on translation of foreign currency	34	1
Ending balance	<u>\$ 38,964</u>	<u>\$ 36,216</u>

Note: In 2023, as some orders have reached termination, the Group directly wrote off the relevant contract assets and loss allowance.

The amount recognized as revenue in the current year from the contract liabilities at the beginning of the period and the performance obligations that have been satisfied in the previous period is as follows:

	For the years ended December 31	
	2024	2023
Contract liabilities at the beginning of the period	<u>\$ 44,087</u>	<u>\$ 12,946</u>

c. Detail of customer contracts

Please refer to Note 39 for detailed revenue information.

25. NET PROFIT FROM CONTINUING OPERATION

a. Other income and (losses)

	For the years ended December 31	
	2024	2023
Impairment loss on property, plant and equipment	(<u>\$ 8,534</u>)	(<u>\$ 7,609</u>)

b. Interest income

	For the years ended December 31	
	2024	2023
Bank deposit	<u>\$ 54,289</u>	<u>\$ 42,807</u>

c. Other income

	For the years ended December 31	
	2024	2023
Government subsidy	\$ 12,789	\$ 17,090
Others	<u>4,708</u>	<u>2,578</u>
	<u>\$ 17,497</u>	<u>\$ 19,668</u>

d. Other gains and losses

	For the years ended December 31	
	2024	2023
Foreign exchange gains	\$ 104,757	\$ 6,968
Gains (losses) on disposal of property, plant and equipment	2,077	(239)
Gains from lease modification	142	1
Compensation for losses	(24,827)	-
Goodwill impairment loss	(32,577)	-
Others	(<u>79</u>)	<u>2,761</u>
	<u>\$ 49,493</u>	<u>\$ 9,491</u>

e. Finance costs

	For the years ended December 31	
	2024	2023
Bank borrowings interest	\$ 4,783	\$ 4,949
Interest expense on lease liability	1,513	2,715
Interest on borrowings from related parties (Note 34)	<u>-</u>	<u>16</u>
	<u>\$ 6,296</u>	<u>\$ 7,680</u>

f. Depreciation and amortization

	For the years ended December 31	
	2024	2023
Depreciation expenses summarized by function		
Cost of revenue	\$ 778,580	\$ 808,885
Operating expenses	<u>61,284</u>	<u>64,781</u>
	<u>\$ 839,864</u>	<u>\$ 873,666</u>
Amortization expenses summarized by function		
Cost of revenue	\$ -	\$ 78
General and administrative expense	2,824	3,748
Research and development expense	<u>53</u>	<u>113</u>

For the years ended December 31	
2024	2023
<u>\$ 2,877</u>	<u>\$ 3,939</u>

g. Direct operating expenses of investment property

For the years ended December 31	
2024	2023
Lease revenue	
Depreciation expense	\$ 7,741
Others	628
<u>\$ 8,369</u>	<u>\$ 8,209</u>

h. Employee benefits expenses

For the years ended December 31	
2024	2023
Share-based payment	
Equity-settled (Note 28)	\$ 667
Post-employment benefits	
Determined contribution plans	147,693
Defined benefit plans (Note 22)	910
	<u>149,270</u>
Others	<u>1,812,205</u>
Total employee benefits expenses	<u>\$ 1,961,475</u>
Summarized by function	
Cost of revenue	\$ 1,453,402
Operating expenses	<u>508,073</u>
	<u>\$ 1,961,475</u>
	<u>\$ 1,747,696</u>

i. Remuneration to the employees and directors

According to the Articles of Association, the Company allocates 8% to 15% of the employee's remuneration and no more than 3% of the director's remuneration according to the pre-tax profit before deducting the employee' and director's remuneration in the current year.

The Company's 2023 performance was in net loss before tax, so employee remuneration and director remuneration were not estimated. The estimated employee remuneration and director remuneration for 2024 as resolved by the Board of Directors on March 11, 2025 are as follows:

Estimated ratio

	For the years ended December 31, 2024
Remuneration to employees	12.32%
Compensation to directors	2.71%

Amount

	For the years ended December 31, 2024
	<u>Cash</u>
Remuneration to employees	<u>\$ 91,000</u>
Compensation to directors	<u>\$ 20,000</u>

If there is still a change in the amount after the annual consolidated financial statement is approved, it will be treated as a change in accounting estimates and adjusted and recorded in the following year.

There is no significant difference between the aforementioned approved amounts and the amounts charged against earnings of 2023 and 2022, respectively.

The information about the appropriations of the Company's Remuneration to employees and compensation to directors is available at the Market Observation Post System website.

j. Foreign exchange gains and losses

	For the years ended December 31	
	2024	2023
Foreign currency exchange gains	\$ 276,281	\$ 282,759
Foreign currency exchange losses	(171,524)	(275,791)
Net gains	<u>\$ 104,757</u>	<u>\$ 6,968</u>

26. INCOME TAX

a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	For the years ended December 31	
	2024	2023
Current income tax		
Recognized in the current period	\$ 229,881	\$ 195,880
Levied undistributed surplus earnings	-	5,107
Income tax adjustments on prior years	(10,058)	(22,635)
	<u>219,823</u>	<u>178,352</u>

Deferred income tax		
Recognized in the current period	<u>2,464</u>	(<u>42,843</u>)
Income tax expense recognized in profit or loss	<u>\$ 222,287</u>	<u>\$ 135,509</u>

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

	For the years ended December 31	
	2024	2023
Income before income tax	<u>\$ 1,294,972</u>	<u>\$ 267,310</u>
Income tax expense calculated at the statutory rate (20%)	\$ 258,994	\$ 53,462
Nondeductible expenses in determining taxable income	14,655	19,172
Tax exempt income	(46,888)	-
Levied undistributed surplus earnings	-	5,107
Unrecognized deductible temporary differences/ loss deduction	(114,391)	28,305
Effect of different tax rates applicable to consolidated entities	132,107	59,395
Adjustments for prior years' tax	(10,058)	(22,635)
Investment credits	(<u>12,132</u>)	(<u>7,297</u>)
Income tax expense recognized in profit or loss	<u>\$ 222,287</u>	<u>\$ 135,509</u>

b. Income tax recognized in other comprehensive income

	For the years ended December 31	
	2024	2023
<u>Deferred income tax</u>		
Recognized in the current period		
- Remeasurement of defined benefit plans	\$ 851	(\$ 141)
- Foreign operations - foreign currency translation differences	<u>15,737</u>	(<u>4,577</u>)
	<u>\$ 16,588</u>	(<u>\$ 4,718</u>)

c. Current tax assets and liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current tax asset		
Income tax refund receivable	<u>\$ 165</u>	<u>\$ 2,104</u>
Current tax liabilities		
Income tax payable	<u>\$ 134,814</u>	<u>\$ 53,606</u>

d. Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2024

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Ending balance
<u>Deferred tax assets</u>					
Temporary difference					
Inventory loss (reversal of write-down of inventories)	\$ 13,905	\$ 24,778	\$ -	\$ 260	\$ 38,943
Defined benefit retirement plan	4,684	-	(851)	-	3,833
Unrealized exchange loss	5,473	(1,556)	-	-	3,917
Allowance for losses - accounts receivable	3,183	(1,404)	-	-	1,779
Impairment loss on property, plant and equipment	7,228	(1,373)	-	-	5,855
Unrealized pension expense	1,132	103	-	-	1,235
Difference between consideration and carrying amount of subsidiaries acquired or disposed	9,900	-	-	-	9,900
Exchange differences on translating the financial statements of foreign operations	21,506	-	(15,737)	-	5,769
Revenue from contracts with customers	999	(1,039)	-	40	-
Allowance for losses - contract assets	7,254	648	-	8	7,910
Employee compensation payable	13,512	1,577	-	721	15,810
Unrealized sales allowance	3,197	(206)	-	-	2,991
Lease liabilities	9,079	14,879	-	639	24,597
Provisions	<u>7,570</u>	<u>373</u>	<u>-</u>	<u>-</u>	<u>7,943</u>
	<u>\$ 108,622</u>	<u>\$ 36,780</u>	<u>(\$ 16,588)</u>	<u>\$ 1,668</u>	<u>\$ 130,482</u>
<u>Deferred tax liabilities</u>					
Temporary difference					
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	\$ 267,178	\$ 21,150	\$ -	\$ -	\$ 288,328
Changes in subsidiaries' ownership	28,482	-	-	-	28,482
Revenue from contracts with customers	6,308	(5,244)	-	31	1,095
Right-of-use assets	8,589	15,402	-	622	24,613
Unrealized exchange profit	<u>2,284</u>	<u>7,936</u>	<u>-</u>	<u>-</u>	<u>10,220</u>
	<u>\$ 312,841</u>	<u>\$ 39,244</u>	<u>\$ -</u>	<u>\$ 653</u>	<u>\$ 352,738</u>

2023

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Ending balance
Deferred tax assets					
Temporary difference					
Inventory loss (reversal of write-down of inventories)	\$ 16,257	(\$ 2,271)	\$ -	(\$ 81)	\$ 13,905
Defined benefit retirement plan	4,543	-	141	-	4,684
Unrealized exchange loss	7,893	(2,420)	-	-	5,473
Allowance for losses - accounts receivable	3,132	51	-	-	3,183
Impairment loss on property, plant and equipment	6,296	932	-	-	7,228
Unrealized pension expense	1,016	116	-	-	1,132
Difference between consideration and carrying amount of subsidiaries acquired or disposed	9,900	-	-	-	9,900
Exchange differences on translating the financial statements of foreign operations	16,929	-	4,577	-	21,506
Revenue from contracts with customers	-	1,019	-	(20)	999
Allowance for losses - contract assets	7,781	(528)	-	1	7,254
Employee compensation payable	15,120	(1,381)	-	(227)	13,512
Unrealized sales allowance	168	3,029	-	-	3,197
Lease liabilities	16,972	(7,764)	-	(129)	9,079
Provisions	7,284	286	-	-	7,570
	<u>\$ 113,291</u>	<u>(\$ 8,931)</u>	<u>\$ 4,718</u>	<u>(\$ 456)</u>	<u>\$ 108,622</u>
Deferred tax liabilities					
Temporary difference					
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	\$ 315,516	(\$ 48,338)	\$ -	\$ -	\$ 267,178
Changes in subsidiaries' ownership	28,482	-	-	-	28,482
Revenue from contracts with customers	2,546	3,768	-	(6)	6,308
Right-of-use assets	16,431	(7,719)	-	(123)	8,589
Unrealized exchange profit	1,769	515	-	-	2,284
	<u>\$ 364,744</u>	<u>(\$ 51,774)</u>	<u>\$ -</u>	<u>(\$ 129)</u>	<u>\$ 312,841</u>

- e. Deductible temporary difference and unused loss deduction amount not recognized in the consolidated balance sheet

	December 31, 2024	December 31, 2023
Deductible temporary difference		
Inventory loss (reversal of write-down of inventories)	\$ -	\$ 120,696
Unrealized asset impairment loss	120,975	129,546
Provisions	18,071	-

Allowance for losses - accounts receivable	-	133
Unrealized exchange loss	-	22
	<u>\$ 139,046</u>	<u>\$ 250,397</u>

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Loss deduction</u>		
Expired in 2025	\$ -	\$ 7,082
Expired in 2026	-	51,189
Expired in 2027	-	51,882
Expired in 2028	-	71,733
Expired in 2029	-	94,744
Expired in 2030	-	90,683
Expired in 2031	28,744	119,896
Expired in 2032	64,782	64,782
Expired in 2033	<u>111,571</u>	<u>111,571</u>
	<u>\$ 205,097</u>	<u>\$ 663,562</u>

f. Income tax examination

The filings of the Company's profit-seeking enterprise income tax up to 2022 were approved by the tax collection authority and there is no significant difference between the approved number and the filed number. The Group had no pending tax litigation as of December 31, 2024.

27. EARNINGS (LOSS) PER SHARE

	<u>For the years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Basic earnings (loss) per share	<u>\$ 3.82</u>	<u>(\$ 0.52)</u>
Diluted earnings (loss) per share	<u>\$ 3.81</u>	<u>(\$ 0.52)</u>

Earnings (loss) and the weighted average number of ordinary shares used to calculate earnings (loss) per share are as follows:

Net profit (loss) for the year

	<u>For the years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Net income (loss) attributable to owners of the Company	<u>\$ 556,426</u>	<u>(\$ 76,156)</u>
Net income (loss) used to calculate basic earnings (loss) per share	\$ 556,426	(\$ 76,156)

Effects of all dilutive potential common shares:		
Subsidiaries' stock option (Note)	<u>-</u>	<u>-</u>
Net profit (loss) used to calculate diluted earnings (loss) per share	<u>\$ 556,426</u>	<u>(\$ 76,156)</u>

Common shares	Unit: thousand shares	
	For the years ended December 31	
	<u>2024</u>	<u>2023</u>
Weighted average number of common shares used to calculate basic earnings (loss) per share	145,681	145,681
Effects of all dilutive potential common shares:		
Remuneration to employees	<u>317</u>	<u>-</u>
Weighted average number of common shares used to calculate diluted earnings (loss) per share	<u>145,998</u>	<u>145,681</u>

Note: It is excluded from the calculation due to anti-dilution.

If the Group can choose to pay employee remuneration in shares or cash, when calculating diluted EPS, assumed that employee remuneration will be issued in shares, the weighted average number of outstanding shares shall be included in the potentially dilutive common shares to calculate the diluted EPS. When calculating the diluted EPS before deciding on the number of shares for employee remuneration in the following year, the potentially dilutive common shares will also be considered.

28. SHARE-BASED PAYMENT ARRANGEMENTS

- a. Employee stock option plan by subsidiary, Centera Photonics Inc.

The subsidiary Centera Photonics Inc. has issued a share option plan in 2018

Centera Photonics Inc. was approved by the Board of Directors on May 17, 2018 to issue 2,000 thousand units of employee stock warrant, and each unit subscribed for 1 common share. The total number of common shares to be for this stock warrant was 2,000 thousand shares, and the grantees are limited to the employees of Centera Photonics Inc. According to the warrant exercise rules, warrant holders can exercise a certain proportion of warrants granted after half a year, one year and one and a half years after the issuance respectively. The duration of the warrants is 7 years, and each share and the subscription price is \$10, with a total

of 2,000 thousand units. The Board of Directors, on August 19, 2024, approved by resolution Centera Photonics Inc.'s amendment to the stock subscription regulations. According to the amended regulations, warrant holders can exercise the granted stock warrants after being granted. Authorized by the Board of Directors, the chairman decided to issue 300 thousand units, 599 thousand units, 713 thousand units, 289 thousand units and 99 thousand units on May 18, 2018, May 20, 2019, November 12, 2019, May 24, 2021, and May 11, 2023, respectively.

The subsidiary Centera Photonics Inc. has issued a share option plan in 2024

Centera Photonics Inc. was approved by the Board of Directors on August 19, 2024 to issue 500 thousand units of employee stock warrant, and each unit subscribed for 1 common share. The total number of common shares to be for this stock warrant was 500 thousand shares, and the grantees are limited to the employees of Centera Photonics Inc. According to the warrant exercise rules, warrant holders can exercise the granted stock warrants after being granted. The duration of the warrants is 1 years, and each share and the subscription price is \$10, with a total of 500 thousand units.

As of December 31, 2024, all warrants have been exercised.

Information relating to issued employee stock options is as follows:

Employee stock option	For the years ended December 31			
	2024		2023	
	Unit (thousand)	Weighted average exercise price (NT\$)	Unit (thousand)	Weighted average exercise price (NT\$)
Circulation at the beginning of the period	156	\$ 10	548	\$ 40
Granted during this year	500	10	99	10 (Note)
Lost during this year	(26)	10	(161)	16.49
Exercised during this year	(630)	10	(330)	10
Circulation at the end of the period	-		156	10
Exercisable at the end of the period	-		87	

Weighted average fair
value of the stock
options in the
current period
(NT\$)

\$0.9354

\$ 2.52

Note: The Board of Directors, on March 21, 2023, approved Centera Photonics Inc.'s amendment to the employee stock subscription regulations on March 21, 2023 by resolution. According to the amended regulations, the subscription price per share is \$10.

Information relating to outstanding employee stock options is as follows:

	<u>December 31, 2023</u>
Exercise price (NT\$)	\$ 10
Weighted average remaining contractual life (years)	5.65 years

Centera Photonics Inc. granted its employees stock options on August 19, 2024, May 11, 2023, May 24, 2021, November 12, 2019, May 20, 2019, and May 18, 2018, respectively, using the Black-Scholes valuation model. The inputs used in the valuation model are as follows:

	<u>August 19, 2024</u>	<u>May 11, 2023</u>	<u>May 24, 2021</u>	<u>November 12, 2019</u>	<u>May 20, 2019</u>	<u>May 18, 2018</u>
Share price on grant day	NT\$10.21	NT\$8.12	NT\$4.75	NT\$4.98	NT\$5.73	4.61
Exercise price	NT\$10	NT\$10	NT\$10	NT\$10	NT\$10	NT\$10
Expected volatility	51.70%	45.40%	39.66%	32.18%	32.08%	37.02%
Duration	0.15 years	4.3 years	4.3 years	4.3 years	4.3 years	4.3 years
Expected dividend rate	0%	0%	0%	0%	0%	0%
Risk-free interest rate	1.3510%	1.0498%	0.1689%	0.5758%	0.5546%	0.8427%

The expected volatility is based on the historical stock price volatility of the same industry, and the annualized standard deviation is obtained based on the duration of the option.

- b. Employee stock options retained by subsidiary, Centera Photonics Inc., from the cash capital increase

The Board of Directors, on October 17, 2023, approved Centera Photonics Inc.'s cash capital increase by issuing new shares by resolution and retained 10% in accordance with Article 267 of the Company Act, totaling 900 thousand shares to be subscribed for by employees. The aforementioned employee stock options have been fully vested on the grant date.

The Board of Directors, on August 19, 2024, approved by resolution Centera Photonics Inc.'s cash capital increase by issuing new shares and retention of 15% of the shares in accordance with Article 267 of the Company Act, with a total of 150 thousand shares to be subscribed for by employees. The aforementioned employee stock options have been fully vested on the grant date.

The grant dates of the above employee stock options of the cash capital increase were August 19, 2024 and October 17, 2023, respectively. Centera Photonics Inc. calculated the fair value of the stock options using the Black-Scholes option valuation model. The inputs used are as follows:

	August 19, 2024	October 17, 2023
Share price on grant day	NT\$10.21	NT\$9.53
Exercise price	NT\$10	NT\$10
Expected volatility	51.70%	44.46%
Duration	0.0384 years	0.0493 years
Expected dividend rate	0%	0%
Risk-free interest rate	1.3510%	1.0026%
Fair value of stock options granted (NT\$/share)	<u>\$ 0.5246</u>	<u>\$ 0.1957</u>

c. Share-based payment compensation cost

The remuneration costs recognized for 2024 and 2023 were \$667 thousand and \$361 thousand, respectively.

29. GOVERNMENTS SUBSIDY

GEM Electronics (Hefei) Co., Ltd., a subsidiary of the Group, met the subsidy conditions of the local government and received a subsidy of \$84,796 thousand after filing an application for the buildings built and the machinery and equipment purchased by the subsidiary.

This amount has been deducted from the relevant asset's carrying amount and carried forward to profit or loss over the asset's economic life by reducing the depreciation expense. In 2024 and 2023, the depreciation expenses were reduced by \$8,537 thousand and \$7,606 thousand, respectively.

30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

a. Stock options exercised by employees at subsidiary, Centera Photonics Inc.

Centera Photonics Inc. issued 330 thousand new shares on May 9, 2023 due to employees' exercise of stock options, causing the Company's shareholding in the subsidiary to fall from 57.97% to 57.48%.

Centera Photonics Inc. issued 630 thousand new shares on October 23, 2024 due to employees' exercise of stock options, causing the Company's shareholding in the subsidiary to fall from 55.26% to 54.56%.

b. Participation in the cash capital increase by subsidiary, Centera Photonics Inc.

In November 2023, the Company failed to participate in the cash capital increase by subsidiary, Centera Photonics Inc., in proportion to its shareholding, causing the Company's shareholding in the subsidiary to fall from 57.48% to 56.41%.

In September 2024, the Company did not participate in the cash capital increase of the subsidiary Centera Photonics Inc., in proportion to its shareholding, causing the Company's shareholding in the subsidiary to fall from 56.41% to 55.26%.

Since the above transactions did not change the Company's control over these subsidiaries, they are treated as equity transactions.

	For the years ended December 31, 2024		
	Exercise of stock options by subsidiary's employees	Cash capital increase not in proportion to shareholding	Total
Centera Photonics Inc.			
Cash consideration paid	\$ -	\$ -	\$ -
The amount of non-controlling interests that should be transferred out of (in to) the carrying amount of the subsidiary's net assets was calculated based on the change in relative equity	(12)	873	861
Equity transaction difference	(\$ 12)	\$ 873	\$ 861
<u>Equity transaction difference adjustments</u>			
Capital surplus - changes in ownership interests in subsidiaries recognized	(\$ 12)	\$ 873	\$ 861

	For the years ended December 31, 2023		
	Exercise of stock options by subsidiary's employees	Cash capital increase not in proportion to shareholding	Total
Centera Photonics Inc.			
Cash consideration paid	\$ -	(\$ 46,562)	(\$ 46,562)
The amount of non-controlling interests that should be transferred	566	48,730	49,296

out of the carrying
amount of the subsidiary's
net assets was calculated
based on the change in
relative equity

Equity transaction
difference

\$ 566 \$ 2,168 \$ 2,734

Equity transaction
difference adjustments

Capital surplus - changes in
ownership interests in
subsidiaries recognized

\$ 566 \$ 2,168 \$ 2,734

31. CASH FLOW INFORMATION

a. Non-cash transaction

The Group conducted the following non-cash investment and financing activities in 2024 and 2023:

- 1) As of December 31, 2024 and 2023, the purchase price of unpaid properties, plant and equipment acquired by the Group were \$167,922 thousand and \$174,918 thousand respectively, and were accounted as other payables.
- 2) Subsidiary GEM Services, Inc. as of December 31, 2024 and 2023, had announced cash dividends \$146 thousand and \$131 thousand respectively that have not been distributed and are listed under other payables.
- 3) The Group signed a production capacity guarantee agreement with the customer and offset the security deposit by offsetting the payment according to the conditions stipulated in the contract. In 2024 and 2023, \$76,795 thousand and \$55,428 thousand, respectively, were used to offset the accounts receivable to offset the security deposits.

b. Reconciliation of liabilities arising from financing activities

2024

	January 1, 2024	Cash flow	Non-cash changes					Others	December 31, 2024
			Lease addition	Lease modification	Finance costs	Payment refund	Foreign exchange movement		
Short-term borrowings	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Long-term borrowings	205,000	81,808	-	-	-	-	-	-	286,808
Guarantee deposits and margins received	688,434	-	-	-	-	(76,795)	3,495	-	615,134
Lease liabilities	<u>77,453</u>	<u>(45,104)</u>	<u>100,600</u>	<u>(142)</u>	<u>1,513</u>	<u>-</u>	<u>2,560</u>	<u>(1,513)</u>	<u>135,367</u>
	\$ 970,887	\$ 86,704	\$ 100,600	\$ (142)	\$ 1,513	\$ (76,795)	\$ 6,055	\$ (1,513)	\$ 1,087,309

2023

	Non-cash changes								December 31, 2023
	January 1, 2023	Cash flow	Lease addition	Lease modification	Finance costs	Payment refund	Foreign exchange movement	Others	
Short-term borrowings	\$ 71,170	(\$ 71,170)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other payables - related parties	15,014	(15,000)	-	-	-	-	-	(14)	-
Long-term borrowings	405,000	(200,000)	-	-	-	-	-	-	205,000
Guarantee deposits and margins received	683,583	61,445	-	-	-	(55,428)	(1,166)	-	688,434
Lease liabilities	116,454	(42,662)	4,528	(346)	2,715	-	(521)	(2,715)	77,453
	<u>\$ 1,291,221</u>	<u>(\$ 267,387)</u>	<u>\$ 4,528</u>	<u>(\$ 346)</u>	<u>\$ 2,715</u>	<u>(\$ 55,428)</u>	<u>(\$ 1,687)</u>	<u>(\$ 2,729)</u>	<u>\$ 970,887</u>

32. CAPITAL RISK MANAGEMENT

The Group conducts capital management to ensure that companies in the group can continue to operate, and maximize shareholder returns with the best mix of debt and equity.

The Group's capital structure is formed by its net debt (i.e., borrowings, less cash and cash equivalents) and equity (i.e., share capital, capital surplus, retained earnings, and other equity items).

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

33. FINANCIAL INSTRUMENTS

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

The management of the Group considers that the carrying amounts of financial instruments in the consolidated financial statements that are not measured at fair value approximate their fair values.

b. Categories of financial instruments

	December 31, 2024	December 31, 2023
<u>Financial assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 5,239,814	\$ 3,238,726
<u>Financial liabilities</u>		
Amortized cost (Note 2)	2,289,278	1,357,574

Note 1: Including cash and cash equivalents, financial assets measured at amortized cost, accounts receivable (including related parties), other receivables (including related parties; excluding income tax refund receivable), uncollectible receivables and refundable deposits and other financial assets.

Note 2: Including financial liabilities, such as short-term borrowings, accounts payable, other payables (excluding salaries payable and bonuses, insurance premium payable, pension payable, business tax payable, and cash dividend payable), long-term borrowings, and guarantee deposit.

c. Financial risk management objectives and policies

The Group's main financial instruments include cash and cash equivalents, investments in debt instruments, receivables, payables, lease liabilities, and borrowings. Among the financial instruments held by the Group, financial risks related to operations include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The main financial risks borne by the Group's operating activities are the exchange rate risk (see 1) below) and the interest rate risk (see 2) below).

(1) Foreign currency risk

The Group is engaged in foreign currency-denominated sales and purchase transactions, thus causing the Group to be exposed to exchange rate risk. The Group regularly evaluates the net risk position of the sales amount and cost amount denominated in non-functional currency, and adjusts the cash holding position of the non-functional currency accordingly to achieve hedging.

For the carrying amounts of monetary assets and liabilities of the Group denominated in non-functional currencies on the balance sheet date (including those monetary items denominated in non-functional currencies that have been eliminated in the consolidated financial statements), please refer to Note 37.

Sensitivity analysis

The Group is mainly affected by fluctuations in the exchange rates of USD, JPY and NTD.

The table below details the sensitivity analysis of the Group when the exchange rate of each functional currency of each entity against each relevant foreign currency increases/decreases by 1%. 1% is the sensitivity rate used when reporting exchange rate risk within the Group to key management, and also represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. Sensitivity analysis only includes foreign currency monetary items in circulation which is translated at the end of the period with a 1% exchange rate adjustment.

When foreign currency monetary items are net assets, a positive number in the table below means that when the functional currency of each consolidated entity depreciates by 1% relative to each related currency (mainly USD, JPY and NTD), the pre-tax net profit or equity will increase by a number of the same amount; when the functional currency of each consolidated entity appreciates by 1% relative to each relevant currency, its impact on pre-tax net profit or equity will be a negative number of the same amount.

	The impact of USD		The impact of JPY		The impact of NTD	
	For the years ended December 31		For the years ended December 31		For the years ended December 31	
	2024	2023	2024	2023	2024	2023
Gains or (losses)	\$ 25,503 (i)	\$ 14,430 (i)	\$ 2 (ii)	\$ 105 (ii)	(\$ 1,256)(iii)	(\$ 1,117)(iii)

- (i) Mainly from the Group's USD-denominated cash and cash equivalents, receivables, and payables that were in circulation on the balance sheet date without cash flow hedging.

The Group's sensitivity to the US dollar (USD) exchange rate increased in 2024, which was due to the increase in its cash and cash equivalents denominated in USD.

- (ii) Mainly from the Group's JPY-denominated cash and cash equivalents, receivables, and payables that were in circulation on the balance sheet date without cash flow hedging.

The Group's sensitivity to the JPY exchange rate decreased in the current period, which was due to the increase in payables denominated in JPY.

- (iii) Mainly from the Group's NTD-denominated payables that were still in circulation on the balance sheet date without cash flow hedging.

The Group's sensitivity to the NTD exchange rate increased in the current period, which was due to the increase in payables denominated in NTD.

(2) Interest rate risk

Interest rate risk exposure is incurred due to the bank deposits, lease liabilities and borrowings within the Group include fixed and floating interest rates.

The carrying amounts of financial assets and financial liabilities of the Group subject to interest rate risk exposure on the balance sheet date are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value interest rate risk		
- Financial assets	\$ 1,047,668	\$ 531,197
- Financial liabilities	135,367	77,453
Cash flow interest rate risk		
- Financial assets	2,305,041	1,454,198
- Financial liabilities	336,808	205,000

Sensitivity analysis

The sensitivity analysis below is based on the interest rate exposure of non-derivative instruments at the balance sheet date. The analysis for floating rate liabilities assumes that the amounts of the liabilities outstanding at the balance sheet date were all outstanding during the reporting period. The rate of change used in reporting interest rates within the Group to key management is a 1% increase or decrease in interest rates, which represents management's assessment of the reasonably possible range of changes in interest rates.

If interest rates increased/decreased by 1% when all other variables are held constant, the Group's net profit before tax in 2024 and 2023 will increase/decrease by \$19,682 thousand and \$12,492 thousand respectively, mainly due to the risk of interest rate changes arising from the interest-bearing bank deposits and bank borrowings at floating rates.

The Group's sensitivity to interest rates increased in the current period, which is due to the increase in bank deposits with floating interest rates.

2) Credit risk

Credit risk refers to the risk that the counterparty defaults on its contractual obligations resulting in financial losses to the Group. As of the balance sheet date, the maximum credit risk exposure of the Group that may result in financial losses due to the counterparty's failure to perform its obligations is from the carrying amount of financial assets recognized in the consolidated balance sheet.

The policy adopted by the Group is to transact with reputable counterparties and to obtain adequate guarantees to mitigate the risk of financial loss due to default when necessary. The Group rates major customers by creating complete customer profiles, using publicly available financial and non-financial information, and referring to past transaction records with the Group. The Group continuously monitors the credit exposure and the credit rating of the counterparty and controls the credit exposure through the counterparty's credit limit which is reviewed and approved annually by the responsible supervisor.

The Group continuously evaluates the financial status of customers with accounts receivable and contract assets and reviews the recoverable amounts of accounts receivable and contract assets to ensure that unrecoverable accounts receivable and contract assets have been properly set aside for impairment losses. When necessary, receipts in advance will be adopted as a transaction term to reduce credit risk. Thus, the credit risk on accounts receivable and contract assets is expected to be limited.

The credit risk of the Group is concentrated in the top five customers. As of December 31, 2024 and 2023, the ratio for the total amount of accounts receivable and total contract assets came from the top five customers were 53% and 42%, respectively.

3) Liquidity risk

The Group manages and maintains a sufficient position of cash and cash equivalents to support the operations and mitigate the impact of fluctuations in cash flow. The management of the Group supervises the use of the bank's financing amount and ensures compliance with the terms of the borrowing agreement.

Bank borrowings are an important source of liquidity for the Group. Please refer to the description of 2) Financing amount for the unused financing amount of the Group as of December 31, 2024 and 2023.

(1) Liquidity and Interest Rate Risk for Non-Derivative Financial Liabilities

The analysis of the remaining contractual maturity of non-derivative financial liabilities is based on the earliest date on which the Group may be required to repay, and is prepared based on the undiscounted cash flows of financial liabilities (including principal and estimated interest).

The maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment date.

For interest cash flows paid at floating rates, the undiscounted interest amount is derived based on the average borrowing rate on the balance sheet date.

December 31, 2024

	Less than 1 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years
<u>Non-derivative</u> <u>financial</u> <u>liabilities</u>					
Non-interest bearing liabilities	\$ 561,503	\$ 807,216	\$ 563,180	\$ 20,717	\$ -
Floating rate instrument	4,631	9,264	105,904	181,445	52,861
Lease liabilities	<u>8,944</u>	<u>3,124</u>	<u>36,174</u>	<u>91,788</u>	<u>1,586</u>
	<u>\$ 575,078</u>	<u>\$ 819,604</u>	<u>\$ 705,258</u>	<u>\$ 293,950</u>	<u>\$ 54,447</u>

December 31, 2023

	Less than 1 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years
<u>Non-derivative</u> <u>financial</u> <u>liabilities</u>					
Non-interest bearing liabilities	\$ 245,565	\$ 341,863	\$ 545,585	\$ 19,692	\$ -
Floating rate instrument	298	596	27,288	164,975	22,070
Lease liabilities	<u>8,910</u>	<u>2,108</u>	<u>32,226</u>	<u>30,601</u>	<u>6,280</u>
	<u>\$ 254,773</u>	<u>\$ 344,567</u>	<u>\$ 605,099</u>	<u>\$ 215,268</u>	<u>\$ 28,350</u>

(2) Financing amount

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unsecured borrowings		
- Utilized	\$ 50,000	\$ -
- Unutilized	<u>720,000</u>	<u>630,000</u>
	<u>\$ 770,000</u>	<u>\$ 630,000</u>
Secured borrowings		
- Utilized	\$ 286,808	\$ 205,000
- Unutilized	<u>1,073,192</u>	<u>350,000</u>
	<u>\$ 1,360,000</u>	<u>\$ 555,000</u>

34. RELATED PARTY TRANSACTIONS

Transactions, account balances, income and expenses between Company and its subsidiaries (which are related parties of Company) are all eliminated upon consolidation, thus not disclosed in this note. Unless disclosed in other notes, the transactions between the Group and other related parties are as follows.

a. Related party name and categories

<u>Related party name</u>	<u>Related party categories</u>
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Associate
Chen-Chi, Liao	Substantive related party

b. Operating revenue

<u>Item</u>	<u>Related party categories</u>	<u>For the years ended December 31</u>	
		<u>2024</u>	<u>2023</u>
Electroplating services	Associate	<u>\$ 88,247</u>	<u>\$ 97,371</u>
Lease revenue	Associate	<u>\$ 48,617</u>	<u>\$ 47,691</u>
Lease and other services	Associate	<u>\$ 6,800</u>	<u>\$ 6,830</u>

There is no other comparable transaction of the same sales price and conditions of the related parties. The income from electroplating services is determined by the cost-plus pricing, and the payment terms are monthly T/T 45 days. The lease income is based on the contract signed according to the general market conditions, and the rent is collected on a monthly basis; the other service income is collected on a monthly basis according to the contract content.

c. Receivables from related parties

<u>Item</u>	<u>Related party categories</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable due from related parties	Associate	<u>\$ 8,903</u>	<u>\$ 9,885</u>
Other receivables - related parties	Associate	<u>\$ 863</u>	<u>\$ 45</u>

The outstanding receivables from related parties are not overdue, and no guarantee has been received. The amount receivable from related parties in 2024 and 2023 has not been recognized as loss provision.

d. Lease agreement

Operation lease/ sublease

The Group leases the buildings and subleases the land use rights related to the buildings to its associate, Mitsubishi Electric GEM Power Semiconductor (Hefei) Co., Ltd., for a lease term of five years, with an option to extend the lease term for two years. The rent is signed according to the general market condition which is paid monthly. At the end of the lease period, the lessee will not have the purchase price option to acquire the real estate. As of December 31, 2024 and 2023, the total lease payments to be received in the future are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Year 1	\$ 49,888	\$ 47,420
Year 2	49,888	47,420
Year 3	-	47,420
Year 4	-	-
Year 5	-	-
	<u>\$ 99,776</u>	<u>\$ 142,260</u>

The lease revenue recognized in 2024 and 2023 was \$48,617 thousand and \$47,691 thousand respectively.

e. Borrowings from related parties

Related party categories	<u>For the years ended December 31, 2024</u>	<u>December 31, 2024</u>	<u>For the years ended December 31, 2023</u>	<u>December 31, 2023</u>
	<u>Highest balance</u>		<u>Highest balance</u>	
<u>Other payables - related parties</u>				
Substantive related party	\$ _____	\$ _____	\$ 15,000	\$ _____

Interest expense

<u>Related party categories</u>	<u>For the years ended December 31</u>
	<u>2024</u> <u>2023</u>
Substantive related party	\$ _____ \$ 16

The interest rate of the Group's borrowing from related parties is 4.2%, and it is an unsecured loan.

f. Other related party transactions

Item	Related party categories	December 31, 2024	December 31, 2023
Guarantee deposits and margins received	Associate	<u>\$ 1,767</u>	<u>\$ 1,679</u>
Advance receipts	Associate	<u>\$ 4,097</u>	<u>\$ 3,895</u>

g. Remuneration for key managerial officers

	For the years ended December 31	
	2024	2023
Short-term employee benefits	\$ 142,033	\$ 98,788
Post-employment benefits	720	841
Share-based payment	<u>100</u>	<u>15</u>
	<u>\$ 142,853</u>	<u>\$ 99,644</u>

The remuneration of directors and other key managerial officers is determined by the Remuneration Committee in accordance with individual performance and market trends.

35. PLEDGED ASSETS

The following assets have been provided as collateral for financing borrowings and customs guarantees for imported raw materials:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Pledged term deposits (financial assets measured at amortized cost - non-current)	\$ 763	\$ 751
Self-owned land	622,948	358,403
Net amount of property and building	168,619	105,235
Net amount of machinery and equipment	<u>162,049</u>	<u>212,873</u>
	<u>\$ 954,379</u>	<u>\$ 677,262</u>

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The unrecognized commitments of the Group are as follows:

	Unit: Foreign currency (In thousands)	
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Acquisition of property, plant and equipment		
JPY	<u>\$ 1,049,634</u>	<u>\$ -</u>
NTD	<u>\$ 145,384</u>	<u>\$ 12,884</u>
RMB	<u>\$ 2,127</u>	<u>\$ 2,752</u>
USD	<u>\$ 871</u>	<u>\$ 111</u>

37. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

The following information was summarized according to the foreign currencies other than the functional currency of the Group. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2024

	Foreign currencies (in thousands)	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 101,684	32.7850 (USD: NTD)	\$ 3,333,724
USD	48,235	7.1884 (USD: RMB)	1,581,389
JPY	250,863	0.2099 (JPY: NTD)	52,656
Foreign currency liabilities			
<u>Monetary items</u>			
USD	61,877	32.7850 (USD: NTD)	2,028,646
USD	10,254	7.1884 (USD: RMB)	336,163
JPY	249,737	0.2099 (JPY: NTD)	52,420
NTD	44,289	0.0305 (NTD: USD)	44,289
NTD	81,334	0.2193 (NTD: RMB)	81,334

December 31, 2023

	Foreign currencies (in thousands)	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 50,055	30.7050 (USD: NTD)	\$ 1,536,937
USD	40,795	7.0827 (USD: RMB)	1,252,608
JPY	189,845	0.2172 (JPY: NTD)	41,234
Foreign currency liabilities			
<u>Monetary items</u>			
USD	32,170	30.7050 (USD: NTD)	987,775
USD	11,685	7.0827 (USD: RMB)	358,782
JPY	141,414	0.2172 (JPY: NTD)	30,715
NTD	39,993	0.0326 (NTD: USD)	39,993
NTD	71,728	0.2307 (NTD: RMB)	71,728

The Group's foreign exchange gains (realized and unrealized) in 2024 and 2023 were \$104,757 thousand and \$6,968, respectively. Due to the wide variety of foreign currency transactions and functional currencies of the Group, it is not possible to disclose exchange gains and losses and significant impact for each currency.

38. ADDITIONAL DISCLOSURES

- a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company:
 - 1) Financings provided: None
 - 2) Endorsement/guarantee provided: None
 - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): None
 - 4) Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: None
 - 5) Acquisition of individual real estate properties at costs of at least \$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate properties at prices of at least \$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: See Table 1 attached

- 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: See Table 2 attached
 - 9) Information about the derivative financial instruments transaction: None
 - 10) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: See Table 3 attached
- b. Information on investees (excluding information on investment in Mainland China): See Table 4 attached
- c. Information on investment in mainland China:
- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 5 attached
 - 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gains or losses, and other related information which is helpful to understand the impact of investment in mainland China on financial reports:
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: See Table 1 and Table 3 attached
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
 - (3) The amount of property transactions and the amount of the resultant gains or losses: None
 - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None
 - (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Note 34
- d. The notes appended to the consolidated financial statements of the affiliates shall disclose for the affiliates as a whole in accordance with the Criteria Governing

Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises:

- 1) The names of subordinate companies, a description of their relationship with the controlling company, the nature of their business, and the controlling company's shareholding or capital contribution ratio in each: Note 11, Tables 4 and 5
- 2) Increases, decreases, or changes in the subordinate companies included in the current consolidated financial statements of the affiliates: Note 11
- 3) The names and shareholding or capital contribution ratios of subordinate companies not listed in the current consolidated financial statements for affiliates and the reasons they are not included in the consolidated statements: None
- 4) The adjustment method and treatment adopted if the opening and closing dates of the subordinate company's accounting year are different from those of the controlling company: None
- 5) An explanation of any differences in accounting policies between the subordinate companies and the controlling company. The method and substance of adjustments adopted in the event of any non-conformity with the Generally Accepted Accounting Principles of the Republic of China: None
- 6) Special operational risks of overseas subordinate companies, such as exchange rate fluctuations: Note 11
- 7) Statutory or contractual restrictions on distribution of earnings by the various affiliates: Note
- 8) Amortization methods and period for consolidated borrowings (loans): None
- 9) Other matters of significance or explanations that would contribute to the fair presentation of the consolidated financial statements of the affiliates: None

Note: The Articles of Association of GEM Electronics (Shanghai) Co., Ltd. and GEM Electronics (Hefei) Co., Ltd. stipulate that reserve funds, employee rewards and benefit funds shall be withdrawn from the profits after income tax, and the specific ratio shall be in accordance with the Company Act and other relevant laws and regulations of Mainland China. Profit shall not be distributed before the loss of the previous year is made up, and the undistributed profit of the previous year may be included in the profit distribution of the current year.

- e. The notes to the consolidated financial statements for affiliates shall disclose the below-listed particulars for the controlling company and subordinate company respectively in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises:
- 1) Transactions that have been eliminated between the controlling company and subordinate companies or between subordinate companies: See Table 3 attached
 - 2) Information regarding financing, endorsements, and guarantees: None
 - 3) Information regarding trading in derivative products: None
 - 4) Significant contingent matters: None
 - 5) Major subsequent events: None
 - 6) Names of bills and securities held, and their quantities, cost, market value (or net par value if a bill or security does not have a market value), shareholding or capital contribution ratio, description of any pledges, and the highest amount of shareholding or capital contribution during the period: Tables 4 and 5
 - 7) Other matters of significance or explanations that would contribute to the fair presentation of the consolidated financial statements of the affiliates: None
- f. When subsidiaries hold shares in the parent, the names of the subsidiaries and the shareholdings, amounts, and reasons shall be separately presented: None
- g. Information on major shareholders: List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: See Table 6 attached

39. SEGMENTS INFORMATION

Information provided to the operation decision maker to allocate resources and measure segment performance, focusing on each type of product or service delivered or provided. The reportable segments of the Group are the optoelectronics segment, the semiconductor segment, and the silicon photonics segment.

The operation decision maker regards the subsidiaries in optoelectronics industry, semiconductor foundry and sales, or silicon photonics industry in each region as individual operating segments, but when preparing financial statements, the Group considers the following factors and aggregates these operating segments as a single segment:

1. Similar product properties and process;
2. Similar product pricing strategy and sales model.

a. Revenue and operation results from each department

The revenue and operating results of the Group's continuing operation are analyzed as follows according to the reportable segment:

	Revenue from each segment		Profit and loss from each segment	
	For the years ended		For the years ended	
	December 31		December 31	
	2024	2023	2024	2023
Optoelectronics industry	\$ 874,182	\$ 942,843	(\$ 364,183)	(\$ 260,360)
Semiconductor	4,670,539	4,418,989	685,812	624,965
Silicon photonics segment	<u>2,022,940</u>	<u>37,365</u>	<u>909,630</u>	<u>(149,650)</u>
Total of continuing operations	<u>\$ 7,567,661</u>	<u>\$ 5,399,197</u>	1,231,259	214,955
Headquarters management cost and compensation to directors			(52,360)	(25,972)
Other gains and losses			(8,534)	(7,609)
Interest income			54,289	42,807
Other income			17,497	19,668
Other gains and losses			49,493	9,491
Finance costs			(6,296)	(7,680)
Share of profit of subsidiaries and joint ventures accounted for using equity method			<u>9,624</u>	<u>21,650</u>
Income before income tax			<u>\$ 1,294,972</u>	<u>\$ 267,310</u>

The segment revenue reported above is generated from transactions with external customers.

Segment profit and loss refers to the profit earned by each segment, excluding the apportionable headquarters management costs and compensation to directors, other gains and losses, interest income, other income, other profits and losses, financial costs, share of profits and losses of affiliates and joint ventures accounted using the equity method, and income tax cost. This measured amount is provided to the decision maker for the purpose of allocating resources to segments and measuring their performance.

b. Segment total assets and liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Segment assets</u>		
Optoelectronics industry	\$ 3,127,664	\$ 2,413,750
Semiconductor	6,429,659	5,976,276
Silicon photonics segment	1,324,027	313,825
Uncollected assets	<u>268,198</u>	<u>238,924</u>
Consolidated total assets	<u>\$ 11,149,548</u>	<u>\$ 8,942,775</u>

<u>Segment liabilities</u>		
Optoelectronics industry	\$ 1,198,138	\$ 403,424
Semiconductor	1,972,344	1,968,937
Silicon photonics segment	188,618	43,159
Uncollected liabilities	<u>824,360</u>	<u>571,447</u>
Consolidated total liabilities	<u>\$ 4,183,460</u>	<u>\$ 2,986,967</u>

For the purpose of monitoring segment performance and allocating resources between segments:

- 1) All assets were allocated to reportable segments other than investments using the equity method, refundable deposit and current and deferred income tax assets. Assets used jointly by reportable segments were allocated on the basis of the revenues earned by individual reportable segments; and
- 2) all liabilities were allocated to reportable segments other than borrowings and other financial liabilities. Liabilities for which reportable segments are jointly liable were allocated in proportion to segment assets.

c. Other segment information

Other information reviewed by the chief operating decision maker or are otherwise regularly provided to the chief operating decision maker:

	<u>Depreciation and amortization</u>		<u>Increase in non-current assets in the current period (Note)</u>	
	<u>For the years ended December 31</u>		<u>For the years ended December 31</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Optoelectronics industry	\$ 179,157	\$ 213,290	\$ 242,181	\$ 27,855
Semiconductor	645,949	646,870	235,089	603,496
Silicon photonics segment	<u>17,635</u>	<u>17,445</u>	<u>23,009</u>	<u>11,991</u>
	<u>\$ 842,741</u>	<u>\$ 877,605</u>	<u>\$ 500,279</u>	<u>\$ 643,342</u>

Note: Non-current assets include property, plant and equipment, right-of-use assets and other intangible assets.

d. Revenue from major products and services

The Group's revenues from continuing operations from its major products and services are shown below.

	<u>For the years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Optical Communication and Optical Information Products	\$ 874,182	\$ 942,843

Semiconductor products	4,670,539	4,418,989
Silicon photonics products	<u>2,022,940</u>	<u>37,365</u>
	<u>\$ 7,567,661</u>	<u>\$ 5,399,197</u>

e. Region

The Group operates in two regions - Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and non-current assets was detailed below:

	Revenue from external customers		Non-current assets	
	For the years ended			
	December 31		December 31,	December 31,
	2024	2023	2024	2023
Taiwan	\$ 6,176,654	\$ 4,166,000	\$ 2,989,771	\$ 3,198,107
China	<u>1,391,007</u>	<u>1,233,197</u>	<u>1,497,603</u>	<u>1,478,194</u>
	<u>\$ 7,567,661</u>	<u>\$ 5,399,197</u>	<u>\$ 4,487,374</u>	<u>\$ 4,676,301</u>

Non-current assets exclude investments using the equity method, refundable deposit and deferred income tax assets.

f. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

Name	For the years ended December 31	
	2024	2023
AAAA	\$ 1,987,771	\$ 7,585
AC	<u>777,722</u>	<u>926,612</u>
	<u>\$ 2,765,493</u>	<u>\$ 934,197</u>

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars)

Table 1

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Remark
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Centera Photonics Inc.	Parent company to subsidiary	Sales	(\$ 496,226)	(36%)	Processing income and other service income: Payments are collected in net 60 to 90 days end of the month.	—	—	\$ 455,456	48%	Notes 1, 3, 5 and 6
Centera Photonics Inc.	The Company	Subsidiary to parent company	Note 7	496,226	78%	Net 60~90 days from invoice date	—	—	(455,456)	(73%)	Notes 1, 3 and 5
GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Sales	(1,433,823)	(62%)	Net 90 days from invoice date	—	—	388,739	68%	Notes 1, 2 and 3
GEM Tech Ltd., Taiwan Branch	GEM Electronics (Shanghai) Co., Ltd.	"	Purchase	1,433,823	61%	"	—	—	(388,739)	(64%)	Notes 1, 2 and 3
	GEM Electronics (Hefei) Co., Ltd.	"	Purchase	899,851	39%	"	—	—	(221,377)	(36%)	Notes 1, 2 and 3
GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	"	Sales	(899,851)	(64%)	"	—	—	221,377	77%	Notes 1, 2 and 3
	Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Subsidiaries to affiliates	Sales	(143,664)	(10%)	Electroplating services: monthly T/T 45 days; Lease and other services: collected on a monthly basis.	—	—	8,903	3%	Notes 2 and 4

Note 1: The transaction price is determined by the cost-plus pricing.

Note 2: There is no unrealized profit or loss for this period.

Note 3: It has been written-off in the preparation of these consolidated financial statements.

Note 4: The income from electroplating services is determined by the cost-plus method; the lease income is based on the contract signed according to the general market conditions; the income from other services is based on the content of the contract.

Note 5: The Company's payment term for transactions with Centera Photonics Inc. was revised to net 60 days from invoice date in August 2024.

Note 6: This transaction included unrealized profit of \$1,588 thousand. The balance of receivables includes contract assets of \$12,044 thousand, accounts receivable of \$205,626 thousand, and other receivables of \$237,786 thousand.

Note 7: The Company recognized manufacturing expenses of \$493,439 thousand and research and development expenses of \$2,787 thousand.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

December 31, 2024

(Amounts in Thousands of New Taiwan Dollars)

Table 2

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
The Company	Centera Photonics Inc.	Parent company to subsidiary	Receivables \$ 443,959	2.20	\$ -	—	\$ 356,319	\$ -
GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Accounts receivable 388,739	3.53	-	—	246,731	-
GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Accounts receivable 221,377	4.57	-	—	145,170	-

Note 1: Amount recovered from January 1 to March 11, 2025.

Note 2: It has been written-off in the preparation of these consolidated financial statements.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND SIGNIFICANT TRANSACTIONS BETWEEN THEM

FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars)

Table 3

No.	Company Name	Counterparty	Nature of Relationship	Transaction Details			
				Financial Statements Item	Amount (Note 1)	Terms	% of Total (Note 2)
1	The Company	Centera Photonics Inc.	Note 3 (1)	Operating revenue	\$ 496,226 (Note 5)	Net 60~90 days from invoice date	7%
				Contract assets - related parties	12,044	-	—
				Accounts receivable due from related parties	205,626	-	2%
				Other receivables - related parties	237,786	Net 60~90 days from invoice date (Payments for materials purchased on behalf of others) (Note 6)	2%
2	GEM Services, Inc.	The Company	Note 3 (2)	Earnings Distribution	230,333	-	2%
3	GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Note 3 (3)	Sales revenue	1,433,823 (Note 4)	Net 90 days from invoice date	19%
				Accounts receivable due from related parties	388,739	-	3%
				Contract assets - related parties	54,105	-	—
4	GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Note 3 (3)	Sales revenue	899,851 (Note 4)	Net 90 days from invoice date	12%
				Accounts receivable due from related parties	221,377	-	2%
				Contract assets - related parties	29,057	-	—
5	GEM Tech Ltd.	GEM Services, Inc.	Note 3 (3)	Remittance of earnings	491,022	-	4%

The business relationship between the parent and the subsidiaries:

The Company, Centera Photonics Inc., and GEM Electronics (Shanghai) Co., Ltd., GEM Tech Ltd., Taiwan Branch, and GEM Tech Ltd. are engaged in the manufacture and sale of electronic parts; GEM Electronics (Hefei) Co., Ltd. is engaged in the manufacture and sale of electronic parts and plant leasing;; GEM Services, Inc. and GEM Electronics Company Limited are holding companies.

Note 1: This table discloses information on one-way transactions only, which have been written off in the preparation of the consolidated financial statements.

Note 2: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets is calculated by the closing balance for the consolidated total assets if it is an asset-liability account or calculated by the accumulated amount for the consolidated total revenue if it is a profit and loss account

Note 3: Relationship to the counterparty:

(1) Parent company to subsidiary

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

Note 4: There is no unrealized profit or loss for this period.

Note 5: This transaction included unrealized profit of \$1,588 thousand.

Note 6: The Company's payment term for transactions with Centera Photonics Inc. was revised to net 60 days from invoice date in August 2024.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 4

Investment Company	Investee	Location	Main Business	Original Investment Amount (Note 1)			Holding of Investment at the End of the Period Balance as of December 31, 2024		Net Income (Losses) of the Investee	Share of Profits/Losses (Note 4)	Share Price/Net Value Per Share (NT\$)	Remark
				December 31, 2024	December 31, 2023	Common Shares	Percentage of Ownership (Note 3)	Carrying Amount (Note 3)				
The Company	Centra Photonics Inc.	Taiwan	Manufacture and sales of electronic parts	\$ 271,562	\$ 271,562	27,156,217	54.56%	\$ 384,266	\$ 426,805	\$ 236,027	\$ 14.2	Notes 2, 6, 7 and 8
	GEM Services, Inc.	Cayman Islands	Holding company business	568,965	568,965	65,809,451	51%	2,306,102	664,197	338,716	65.8	Notes 2, 6 and 9
GEM Services, Inc.	GEM Electronics Company Limited	British Virgin Islands	Holding company business	-	-	100	51%	1,583,145	231,626	118,121	31,044,280	Notes 2, 6 and 8
	GEM Tech Ltd.	Samoa	Manufacture and sales of electronic parts	18,202	18,202	606,091	51%	714,202	480,051	244,808	2,311	Notes 2, 6 and 8

Note 1: The original investment amount does not include the investment amount of the investee company before the date of acquisition.

Note 2: The relevant investment profit and loss recognition are based on the financial statements of the investee company audited by accountants during the same period.

Note 3: The carrying amount held at the end of the period is based on the shareholding ratio of the Company at the end of the period.

Note 4: The investment profit (loss) recognized in the current period is based on the weighted average shareholding ratio of the Company.

Note 5: Please refer to Table 5 for relevant information on investment in Mainland China.

Note 6: The highest capital investment does not change in this period, and there is no pledge.

Note 7: The carrying amount of the holding at the end of the period included unrealized profit from intercompany transactions of \$1,588 thousand.

Note 8: Refers to the net value per share.

Note 9: Refers to the closing price.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars/ Foreign Currency)

Table 5

1. Name of the investee company in Mainland China, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, current profit or loss, recognized investment gains or losses, carrying amount of the investment, and repatriated investment gains:

Investee Company in China	Main Business	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024	Percentage of Ownership %	Net Income(Losses) of the Investee Company	Share of Profits/Losses	Carrying amount as of December 31, 2024	Accumulated Inward Remittance of Earnings as of December 31, 2024
					Outflow	Inflow						
GEM Electronics (Shanghai) Co., Ltd. (Note 4)	Manufacture and sales of electronic parts	\$ 2,262,165 (USD 69,000) (Note 5)	Reinvested by GEM Electronics Company Limited (Note 1(2))	\$ -	\$ -	\$ -	\$ -	51%	\$ 231,626	\$ 118,121 (Note 2(2) 2.)	\$ 1,583,145	\$ -
GEM Electronics (Hefei) Co., Ltd. (Note 4)	Manufacture and sales of electronic parts, factory leasing	1,990,848 (RMB 436,511)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	51%	80,153	40,875 (Note 2(2) 2.)	680,964	-
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Production, design, packaging and testing of power management electronic accessories	163,925 (USD 5,000)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	10.2%	48,120	4,908 (Note 2(2) 1.)	64,161	-

Note 1: There are three types of investment methods, and they indicated below:

- (1) Directly conduct investment in China.
- (2) Reinvestment in Mainland China through a third regional company (GEM Electronics Company Limited).
- (3) Other methods. (reinvestment through GEM Electronics (Shanghai) Co., Ltd.).

Note 2: Share of Profits/Losses

- (1) It shall be indicated If it is under preparation without investment profit or loss.
- (2) The basis for recognition of investment gains and losses is divided into the following three types, which should be indicated.
 1. Financial statements audited by an international accounting firm that has a cooperative relationship with an accounting firm of Republic of China.
 2. Financial statements audited by the certified accounting firm by the parent company in Taiwan.
 3. Based on the financial statements of the invested company that have not been audited by accountants during the same period.

Note 3: Relevant figures in this table should be denominated in New Taiwan Dollars.

Note 4: It has been written-off in the preparation of these consolidated financial statements.

Note 5: Part of it is reinvested with surplus funds from the third region.

Note 6: The highest capital investment of Elite Advanced Laser Corporation and subsidiaries in the above table does not change in this period, and there is no pledge.

2. Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ - (USD -)	\$ -	\$ 4,179,653

Note 1: The Company originally applied for an investment case of indirectly investing USD 9,000 thousand in GEM Electronics (Shanghai) Co., Ltd. in Mainland China according to the Official Letter Ching-Shen-Erh-Tzu No. 10100160030 dated May 16, 2012, and later, on August 15, 2013, the investment purpose of the case was changed to an overseas investment, which was approved by Official Letter Ching-Shen-Erh-Tzu No. 10200310550.

Note 2: The Company originally applied for an indirect investment of USD 2,750 thousand in GEM Electronics (Hefei) Co., Ltd. in Mainland China according to the Official Letter Ching-Shen-Erh-Tzu No. 10100160040 dated May 16, 2012, and later, on August 15, 2013, the investment purpose of the case was changed to an overseas investment, which was approved by Official Letter Ching-Shen-Erh-Tzu No. 10200310550.

ELITE ADVANCED LASER CORPORATION
INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2024

Table 6

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Chu-Liang, Cheng	8,650,747	5.94%

Note: Major shareholders are defined as shareholders with more than 5% collective holding interest in common and preferred shares that have been delivered via book entry (including treasury stocks), as shown in the records of TDCC on the final business day of the current quarter. Share capital, as shown in the financial statements, may differ from the number of shares that have been delivered via book entry due to differences in the preparation basis.