Stock Code:2383

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

ELITE MATERIAL CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023

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Independent Auditors' Report

To the Board of Directors of Elite Material Co., Ltd.:

Opinion

We have audited the financial statements of Elite Material Co., Ltd.("the Company"), which comprise the statements of financial position as of December 31, 2024 and 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

   Regarding the accounting policies and explanation for revenue recognition, please refer to Note (4)(o) and Note (6)(n) "Revenue" of the financial statements.

   Description of key audit matter:

   Revenue is the main indicator for investors and the management to evaluate the company's financial statements or business performance. The accuracy of the timing of revenue recognition significantly impacts the financial statement.

   Therefore, the recognition of revenue was considered to be one of the key audit matters in the audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed cut-off test for recognition of revenue over certain period before and after the reporting date to assess the reasonableness to the recognition timing of sales revenue.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor' s 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditor' s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. The accountant is responsible for the guidance, supervision and implimentation of the audit cases of these investee companies, and is responsible for the formation of Elite Material Co., Ltd.

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

We also provide those charged with governance with a statement that we have complied with 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 were of most significance in the audit of the financial statements of the current period 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 audit resulting in this independent auditors' report are Chen, Yi-Chun and Chiang, Hsiao-Ling.

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2025

Notes to Readers

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

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

ELITE MATERIAL CO., LTD.

STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		2024.12.31		2023.12.31	
	ASSETS	**Amount**	**%**	**Amount**	**%**
	Current Assets:				
1100	Cash and cash equivalents (Note (6)(a))	$ 3,670,011	8	778,780	2
1110	Current financial assets at fair value through profit or loss (Note (6)(i))	567	-	-	-
1150	Notes receivable, net (Note (6)(b))	28,229	-	59,252	-
1170	Accounts receivable, net (Note (6)(b))	4,440,838	9	3,495,308	10
1181	Accounts receivable due from related parties (Note (6)(b) and (7))	995,021	2	324,901	1
1200	Other receivables (Note (6)(c))	1,116,239	2	1,145,420	3
1210	Other receivables due from related parties (Note (6)(c) and (7))	768,242	2	149,678	1
1310	Inventories (Note (6)(d))	1,877,654	4	1,439,632	4
1470	Other current assets	149,864	-	144,126	-
		13,046,665	27	7,537,097	21
	Non-current Assets:				
1510	Non-current financial assets at fair value through profit or loss (Note (6)(i))	18,300	-	5,504	-
1550	Investments accounted for using equity method (Note (6)(e))	31,680,504	64	23,383,412	66
1600	Property, plant and equipment (Note (6)(f))	4,235,251	9	4,172,452	12
1840	Deferred tax assets (Note (6)(k))	18,866	-	207,104	1
1900	Other non-current assets (Note (8))	92,914	-	77,861	-
1975	Net defined benefit asset, non-current (Note (6)(j))	53,641	-	41,202	-
		36,099,476	73	27,887,535	79
	Total assets	**$ 49,146,141**	**100**	**35,424,632**	**100**

		2024.12.31		2023.12.31	
	LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:				
2100	Short-term borrowings (Note (6)(g))	$ -	-	1,100,000	3
2170	Accounts payable (Note (7))	4,253,493	9	3,112,792	9
2200	Other payables	1,926,348	4	1,372,334	4
2220	Other payables to related parties (Note (7))	708,026	2	715,981	2
2230	Current tax liabilities	221,765	-	80,293	-
2322	Long-term borrowings, current portion (Note (6)(h))	-	-	600,000	2
2321	Bonds payable, current portion (Note(6)(i))	138,070	-	-	-
2399	Other current liabilities	66,561	-	31,478	-
		7,314,263	15	7,012,878	20
	Non-current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (Note (6)(i))	12,600	-	-	-
2530	Bonds payable (Note (6)(i))	5,831,882	12	930,543	2
2570	Deferred tax liabilities (Note (6)(k))	867,046	2	664,782	2
2600	Total other non-current liabilities (Note(6)(e))	9,533	-	6,938	-
		6,721,061	14	1,602,263	4
	Total liabilities	14,035,324	29	8,615,141	24
	Equity (Note (6)(l)):				
3100	Capital stock	3,466,329	7	3,431,793	10
3200	Capital surplus	5,690,867	11	4,361,746	12
	Retained earnings:				
3310	Legal reserve	4,010,652	8	3,462,000	10
3320	Special reserve	859,153	2	549,290	2
3350	Total unappropriated retained earnings	21,127,674	43	15,863,815	45
3400	Other equity interest	(43,858)	-	(859,153)	(3)
	Total equity	35,110,817	71	26,809,491	76
	Total liabilities and equity	**$ 49,146,141**	**100**	**35,424,632**	**100**

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

(English Translation of Financial Statements and Report Originally Issued in Chinese)

ELITE MATERIAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		2024		2023	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Note (6)(n) and (7))**	$ 15,473,986	100	10,663,801	100
5000	**Operating costs (Note (6)(d) and (7))**	(12,436,550)	(80)	(8,171,894)	(77)
	Gross profit from operations	3,037,436	20	2,491,907	23
5910	Less: Unrealized profit from sales	(15,550)	-	(10,491)	-
5920	Add: Realized profit on from sales	10,491	-	8,391	-
		3,032,377	20	2,489,807	23
	Operating expenses (Note (7)):				
6100	Selling expenses	(403,405)	(3)	(331,040)	(3)
6200	Administrative expenses	(917,268)	(6)	(667,545)	(6)
6300	Research and development expenses	(642,546)	(4)	(492,765)	(5)
6300	**Total operating expenses**	(1,963,219)	(13)	(1,491,350)	(14)
	Net operating income	1,069,158	7	998,457	9
	Non-operating income and expenses:				
7100	Interest income (Note (6)(p) and (7))	36,978	-	14,236	-
7020	Other gains and losses, net (Note (6)(p))	88,440	1	67,819	-
7370	Share of profit of associates and joint ventures accounted for using equity method	9,184,986	59	5,091,075	48
7050	Finance costs (Note (6)(i) and (p))	(36,333)	-	(39,009)	-
	Total non-operating income and expenses	9,274,071	60	5,134,121	48
	Profit from continuing operations before tax	10,343,229	67	6,132,578	57
7950	**Income tax expenses (Note (6)(k))**	(764,780)	(5)	(644,269)	(6)
	Net income	9,578,449	62	5,488,309	51
	Other comprehensive income:				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	11,756	-	(2,238)	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	22,173	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,352)	-	448	-
	Components of other comprehensive income that will not be reclassified to profit or loss	31,577	-	(1,790)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	972,922	6	(387,329)	(4)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(179,800)	(1)	77,466	1
	Components of other comprehensive income that will be reclassified to profit or loss	793,122	5	(309,863)	(3)
	Other comprehensive income (net of tax)	824,699	5	(311,653)	(3)
	Total comprehensive income	**$ 10,403,148**	**67**	**5,176,656**	**48**
9750	**Basic earnings per share (Note (6)(m))(dollars)**	**$**	**27.81**		**16.35**
9850	**Diluted earnings per share (Note (6)(m))(dollars)**	**$**	**27.30**		**15.75**

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

ELITE MATERIAL CO., LTD.

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Capital Stock		Retained earnings			Total other equity interest		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Statements	Unrealized gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	Total equity
Balance at January 1, 2023	$ 3,329,183	2,076,279	2,953,134	903,909	13,361,349	(511,344)	(37,946)	22,074,564
Net income for the year ended December 31, 2023	-	-	-	-	5,488,309	-	-	5,488,309
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	(1,790)	(309,863)	-	(311,653)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	5,486,519	(309,863)	-	5,176,656
Earnings distribution:								
Legal reserve	-	-	508,866	-	(508,866)	-	-	-
Special reserve reversal	-	-	-	(354,619)	354,619	-	-	-
Cash dividends on ordinary share	-	-	-	-	(2,829,806)	-	-	(2,829,806)
Conversion of convertible bonds	102,610	2,285,467	-	-	-	-	-	2,388,077
Balance at December 31, 2023	3,431,793	4,361,746	3,462,000	549,290	15,863,815	(821,207)	(37,946)	26,809,491
Net income for the year ended December 31, 2024	-	-	-	-	9,578,449	-	-	9,578,449
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	9,404	793,122	22,173	824,699
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	9,587,853	793,122	22,173	10,403,148
Earnings distribution:								
Legal reserve	-	-	548,652	-	(548,652)	-	-	-
Special reserve	-	-	-	309,863	(309,863)	-	-	-
Cash dividends on ordinary share	-	-	-	-	(3,439,332)	-	-	(3,439,332)
Recognition of equity component due to conversion of convertible bonds	-	568,626	-	-	-	-	-	568,626
Conversion of convertible bonds	34,536	760,447	-	-	-	-	-	794,983
Changes in asscociates and joint ventures accounted for using equity method	-	48	-	-	(26,147)	-	-	(26,099)
Balance at December 31, 2024	**$ 3,466,329**	**5,690,867**	**4,010,652**	**859,153**	**21,127,674**	**(28,085)**	**(15,773)**	**35,110,817**

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

ELITE MATERIAL CO., LTD.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	$ 10,343,229	6,132,578
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	242,615	206,749
Amortization expense	13,581	14,426
Net loss (profit) on financial assets or liabilities at fair value through profit or loss	(26,642)	(42,290)
Interest expense	20,707	9,307
Interest income	(36,978)	(14,236)
Share of loss of associates and joint ventures accounted for using equity method	(9,184,986)	(5,091,075)
Gain on disposal of property, plant and equipment	(478)	(619)
Amortized discounted corporate bonds payable-interest expense	15,626	29,702
Total adjustments to reconcile profit (loss)	(8,956,555)	(4,888,036)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	31,023	29,010
Accounts receivable	(945,530)	(1,263,459)
Accounts receivable due from related parties	(670,120)	(88,954)
Other receivable	34,349	(81,727)
Other receivable due from related parties	138,740	(5,559)
Inventories	(438,022)	(645,950)
Deferred revenues	5,059	2,100
Other current assets	(5,738)	(96,308)
Other non-current assets	(14,982)	44,031
Total changes in operating assets	(1,865,221)	(2,106,816)
Changes in operating liabilities:		
Accounts payable	1,140,701	1,338,419
Other payables	562,328	150,161
Other payables to related parties	(7,955)	69,585
Other current liabilities	32,053	18,279
Net defined benefit liabilities	(683)	(598)
Total changes in operating liabilities	1,726,444	1,575,846
Total changes in operating assets and liabilities	(138,777)	(530,970)
Total adjustments	(9,095,332)	(5,419,006)
Cash inflow generated from operations	1,247,897	713,572
Interest received	29,889	14,236
Dividends received	1,854,428	945,095
Interest paid	(21,511)	(8,607)
Income taxes paid	(414,958)	(755,415)
Net cash flows from operating activities	2,695,745	908,881
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(314,876)	(367,946)
Disposal of property, plant and equipment	478	619
Refundable deposits	(2,676)	20
(Increase) Decrease in other receivables	(755,383)	188,000
Acquisition of intangible assets	(4,916)	(2,049)
Net cash flows used in investing activities	(1,077,373)	(181,356)
Cash flows from (used in) financing activities:		
(Decrease) Increase in short-term borrowings	(1,100,000)	1,065,197
Proceeds from issuing bonds	6,418,253	-
Proceeds from long-term borrowings	-	800,000
Repayments of long-term borrowings	(600,000)	(200,000)
Guarantee deposits received	(3,088)	(5,119)
Payment of lease liabilities	(2,974)	-
Cash dividends paid	(3,439,332)	(2,829,806)
Net cash flows from (used in) financing activities	1,272,859	(1,169,728)
Net Increase (decrease) in cash and cash equivalents	2,891,231	(442,203)
Cash and cash equivalents at beginning of period	778,780	1,220,983
Cash and cash equivalents at end of period	$ **3,670,011**	**778,780**

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

ELITE MATERIAL CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

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

(1) Organization and Business

Elite Material Co., Ltd. (the "Company") was incorporated on March 24, 1992 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The main operating activities are the manufacturing and selling of copper clad laminates, electronic-industrial specialty chemical and raw materials, work-in-process, and finished goods of electronic components. The manufacturing and selling of printed circuit board is the main source of sales revenue.

The Company's common shares were traded on the Taipei Exchange (TPEx) on December 26, 1996, and its shares were publicly listed and traded on the Taiwan Stock Exchange (TSE) on November 27, 1998. The Company's registered office is on No.18, Datong 1st Rd., Guanyin Dist., Taoyuan City 328, Taiwan (R.O.C.).

(2) Approval Date and Procedures of the Consolidated Financial Statements

The Board of Directors approved and issued the financial statements on February 25, 2025.

(3) New Standards and Interpretations Adopted:

(a) The impact of the International Financial Reporting Standards (" IFRS Accounting Standards ") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(b) The impact of IFRS Accounting Standards issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

Standards or Interpretations	Content of amendment	Effective date per IASB
Annual Improvements to IFRS Accounting Standards—Volume 11	The amendments set out: 1. IFRS 1 "First-time Adoption of International Financial Reporting Standards": The amendments address a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 Financial Instruments. 2. IFRS 7 "Financial Instruments: Disclosures": The amendments address a potential confusion in IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued. 3. IFRS 9 "Financial Instruments": ● Derecognition of a lease liability The IASB's amendment states that if a lease liability is derecognized, then the derecognition will be accounted for under IFRS 9, (i.e. the difference between the carrying amount and the consideration paid is recognized in profit or loss). However, when a lease liability is modified, the modification will be accounted for under IFRS 16 Leases. ● Transaction price The amendments require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15 Revenue from Contracts with Customers. The amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured. 4. IFRS 10 "Consolidated Financial Statements": The amendments clarify the determination of a 'de facto agent'. 5. IAS 7 "Statement of Cash Flows": The amendments address a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term 'cost method'.	January 1, 2026

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

(4) Summary of Significant Accounting Policies

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

The financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

1. Basis of measurement

Except for the following significant account, the financial statements have been prepared on a historical cost basis:

1) Financial assets measured at fair value through profit or loss in fair value ;

2) The net defined benefit liabilities (or assets) is recognized as the fair value of plan assets, net of aggregation of the present value of the defined benefit obligation, with a limit based on a defined benefit assets as disclosed in Note 4(p).

2. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Foreign Currency

1. Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of a joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, Exchange differences arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(d) Assets and liabilities classified as current and non-current

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

2. It is held primarily for the purpose of trading;

3. It is expected to be realized within twelve months after the reporting period; or

4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

The Acquisition or sale of financial assets is in accordance with the customary transactions, and the company classifies as financial assets for external purposes, and all acquisition and sales are uniformly accounted for on the transaction date or settlement date.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

·it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose peroformance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets Trade receivables that the Company intends to sell immediately or in the near term are measured at FVTPL; however they are included in the "trade receivables" lint item. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivable and guarantee deposit paid), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

·debt securities that are determined to have low credit risk at the reporting date; and

·other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Company expects to receive. ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

·significant financial difficulty of the borrower or issuer;

·a breach of contract such as a default or being past due;

· the lender of the borrow, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

·it is probable that the borrower will enter bankruptcy or other financial reorganization;or

·the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to another entity, or when neither transferring nor retaining substantially all the risks and rewards of ownership and not retaining control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

2. Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss, and reported under non-opearating income and expenses.

On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognizing of financial liabilities

The company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories consists of all costs of purchase and other costs incurred in bringing them to their present location and condition. Inventory cost is calculated using the weighted-average-cost formula.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes, of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of undated Company's interests in the associate.

When the Company's share of losses of an associated equals or exceeds its interests in an associate, it discounters recognizing its share of further losses. After the recognized interest is redact to zero. Additional losses are provided for and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investment in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the non-consolidated financial statements. Under equity method, the net income, other comprehensive income and equity in the non-consolidated financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(j) Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	2 years~ 41 years
2) Machineries	2 years~ 19 years
3) Miscellaneous equipment	3 years~ 14 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method 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. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise a extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Company will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

(l) Intangible assets

1. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Softwares	2 years~ 10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment – non financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for liabilities arising from sales allowances due to product defects its recognized at the time of sale. The provision is estimated and measured on related probabilities of historical experience data and all possible results.

(o) Revenue

1. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods - electronic components

The Company manufactures and sells electronic components to computer, automobile, and tele-communication manufacturers. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company's obligation to provide a refund for faulty products is recognized at the time of sale. Accumulated experience is used to estimate such returns at the time of sale. The amount estimated is recognized as a provision for warranty at reporting date.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(p) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

2. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes expenses include current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither (i)accounting nor (ii)taxable profits (losses) at the time of the transaction;
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

1. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
   1) the same taxable entity; or
   2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders. The basic earnings per share are calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding, after adjustment for the effects of all potential dilutive ordinary shares, such as convertible bonds.

(s) Operating segments

Please refer to the consolidated financial statements of Elite Material Co., Ltd. and its subsidiaries for the years ended December 31, 2024 and 2023 for operating segments information.

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

(5) Major Sources of Accounting Assumptions, Judgments and Estimation Uncertainty

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

Accounting policies involve significant judgments and do not have a material impact on the amounts recognized in this consolidated financial report.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note (6)(d) for further description of the valuation of inventories.

(6) Summary of Major Accounts

(a) Cash and cash equivalents

	2024.12.31	2023.12.31
Cash on hand	$ 429	429
Savings accounts	583,615	728,351
Time deposits	2,836,789	50,000
Cash equivalents	249,178	-
	$ 3,670,011	**778,780**

Please refer to Note (6)(q) for the interest analysis of financial assets and liabilities.

(b) Notes and accounts receivable

	2024.12.31	2023.12.31
Notes receivable from operating activities	$ 28,637	59,660
Accounts receivables - measured as amortized cost	5,437,178	3,821,528
Less: Loss allowance	(1,727)	(1,727)
	$ 5,464,088	**3,879,461**

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

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision in Taiwan were determined as follows:

	2024.12.31		
	Gross carrying amount	**Weighted-average**	**Loss allowance provision**
Current	$ 5,441,211	0.03%	1,665
1 to 30 days past due	12,003	0.52%	62
31 to 120 days past due	12,601	0.00%	-
	$ 5,465,815		**1,727**

	2023.12.31		
	Gross carrying amount	**Weighted-average**	**Loss allowance provision**
Current	$ 3,861,971	0.04%	1,727
1 to 30 days past due	18,934	0.00%	-
31 to 120 days past due	283	0.00%	-
	$ 3,881,188		**1,727**

(c) Other receivables

	2024.12.31	**2023.12.31**
Claims receivable	$ 349,959	349,959
Other receivables	767,448	796,629
Other receivables due from related parties	768,242	149,678
Less: Loss allowance	(1,168)	(1,168)
	$ 1,884,481	**1,295,098**

On January 15, 2023, the Company had a fire incident. Refer to Note (6)(p) and Note 10 for further information.

(d) Inventories

	2024.12.31	**2023.12.31**
Materials	$ 1,301,884	944,603
Work-in-process	117,196	91,950
Finished goods	458,574	403,079
	$ 1,877,654	**1,439,632**

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

As of December 31, 2024 and 2023, the details of operating cost were as follows:

	2024	2023
Cost of goods sold	$ 12,499,832	8,207,124
Loss on disposal of scrap	-	14,511
(Reversal gain) Loss on inventory valuation and obsolescence	7,808	(13,181)
Revenue from sale of scraps	(71,090)	(36,560)
Total	**$ 12,436,550**	**8,171,894**

Gain on inventory valuation and obsolescence are due to factors that previously caused the net realizable value of inventories to be lower than the cost, which were eliminated due to the scrapping and disposal of inventories, resulting in an increase in the net realizable value of inventories, which was recognized as a reduction in operating costs. Losses on inventory valuation and obsolescence are due to obsolescence or out of use of inventories, which result in that the net realizable value being lower than the cost. Therefore, they are classified as operating costs.

As of December 31, 2024 and 2023, the Company's inventories were not pledged as collateral.

On January 15, 2023, due to the fire incident, the Company derecognized its inventories, amounting to $271,522 thousand, reported under non-operating income and expenses - other gains and losses, net. Refer to Note (6)(p) and Note (10) for further information.

(e) Investments accounted for using equity method

The investments accounted for using the equity method as of the end of the financial reporting period are as follows:

	2024.12.31	2023.12.31
Subsidiaries	**$ 31,677,907**	**23,383,412**
Investments accounted for using the equity method	$ 31,680,504	23,383,412
Equity method investments credit balance	(2,597)	-
	$ 31,677,907	**23,383,412**

For subsidiaries, please refer to the consolidated financial statements for the year ended December 31, 2024.

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

(f) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2024 and 2023, were as follows:

	Land	Buildings	Machineries	Other equipment	Equipment awaiting inspection and construction in progress	Total
Cost:						
Balance at January 1, 2024	$ 2,537,243	827,150	2,358,216	784,020	418,769	6,925,398
Additions	-	-	-	-	302,384	302,384
Disposals	-	(1,406)	(68,271)	(3,795)	-	(73,472)
Reclassification	-	21,419	247,066	75,583	(344,068)	-
Balance at December 31, 2024	**$ 2,537,243**	**847,163**	**2,537,011**	**855,808**	**377,085**	**7,154,310**
Balance at January 1, 2023	$ 2,537,243	902,645	2,846,216	787,617	371,264	7,444,985
Additions	-	-	-	-	374,881	374,881
Disposals	-	(143,564)	(586,974)	(58,118)	(105,812)	(894,468)
Reclassification	-	68,069	98,974	54,521	(221,564)	-
Balance at December 31, 2023	**$ 2,537,243**	**827,150**	**2,358,216**	**784,020**	**418,769**	**6,925,398**
Depreciation:						
Balance at January 1, 2024	$ -	422,047	1,772,348	558,551	-	2,752,946
Depreciation for the year	-	42,055	141,481	56,049	-	239,585
Disposals	-	(1,406)	(68,271)	(3,795)	-	(73,472)
Balance at December 31, 2024	**$ -**	**462,696**	**1,845,558**	**610,805**	**-**	**2,919,059**
Balance at January 1, 2023	$ -	478,420	2,162,401	551,477	-	3,192,298
Depreciation for the year	-	33,254	120,578	52,917	-	206,749
Disposals	-	(89,627)	(510,631)	(45,843)	-	(646,101)
Balance at December 31, 2023	**$ -**	**422,047**	**1,772,348**	**558,551**	**-**	**2,752,946**
Carrying amounts:						
At December 31, 2024	**$ 2,537,243**	**384,467**	**691,453**	**245,003**	**377,085**	**4,235,251**
At January 1, 2023	**$ 2,537,243**	**424,225**	**683,815**	**236,140**	**371,264**	**4,252,687**
At December 31, 2023	**$ 2,537,243**	**405,103**	**585,868**	**225,469**	**418,769**	**4,172,452**

As of December 31, 2024 and 2023, the property, plant and equipment were not pledged as collateral for long-term debt and financing.

On January 15, 2023, due to the fire incident, the Company derecognized some of the buildings, equipment and construction in progress, amounting to $248,367 thousand, which was reported under non-operating income and expenses - other gains and losses. Refer to Note (6)(p) and Note (10) for further information.

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

(g) Short-term borrowings

The short-term borrowings were summarized as follows:

	2024.12.31	2023.12.31
Unsecured bank loans	$ -	1,100,000
Unused short-term credit lines	$ 5,385,312	3,520,813
Range of interest rates	-	1.68%~1.87%

Please refer to Note (6)(q) for information on exposure to interest rate, foreign currency and liquidity risks of the Company.

(h) Long-term borrowings

	2024.12.31	2023.12.31
Unsecured bank loans	$ -	600,000
Less: current portion	-	(600,000)
Total	$ -	-
Unused long-term credit lines	$ 4,440,000	3,640,000
Range of interest rates	-	1.85%~1.88%
Due year	-	2024

For the exposure information of the Company's rate, foreign currency and liquidity risk, please refer to Note(6)(g).

The Company signed a loan contract with the financial institution. According to the provisions of the contract, the Company’s financial statements must maintain specific current ratios, debt ratios, net tangible assets, and interest coverage ratios on the balance sheet date during the loan period. If such financial ratios breached specific conditions of the loan contract, they shall be improved by means of cash capital increase or other means in accordance with the agreement. As of December 31, 2024 and 2023, the Company did not violate any of the above financial ratio restrictions.

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

(i) Unsecured convertible bonds

The detail of unsecured convertible bonds were as follow:

	2024.12.31	2023.12.31
Total convertible corporate bonds issued	$ 9,465,300	3,465,300
Unamortized discounted corporate bonds payable	(171,748)	(35,157)
Cumulative converted amount	(3,323,600)	(2,499,600)
Balance of corporate bonds issued at year-end	5,969,952	930,543
Less: current portion	(138,070)	-
Bonds payable - non current	$ 5,831,882	930,543
Embedded derivative — call and put options, included in financial assets at fair value through profit or loss - current	$ 567	-
Embedded derivative — call and put options, included in financial assets at fair value through profit or loss - non-current	$ 18,300	5,504
Embedded derivative — call and put options, included in financial liabilities at fair value through profit or loss - non-current	$ 12,600	-
Equity component – conversion options (included in capital surplus – stock options)	$ 577,116	57,858

	For the years ended December 31	
	2024	2024
Embedded derivative Instruments - gains and losses from revaluation at fair value of call and put options (recognized as gain or loss from financial assets (liabilities) at fair value through profit or loss under non-operating income and expenses)	$ 26,642	42,290
Interest expense	$ 15,626	29,702

1. On July 31, 2024, the Company's board of directors resolved to issue the sixth domestic unsecured convertible bonds with a total face value of NTD$3,000,000 thousand. The bonds were issued at 103% of their face value, resulting in an actual borrowing amount of NT$3,090,000 thousand. This issuance was approved by the Financial Supervisory Commission and was listed on the Taipei Exchange on September 25, 2024.

2. On July 31, 2024, the Company's board of directors resolved to issue the seventh domestic unsecured convertible bonds with a total face value of NTD$3,000,000 thousand. The bonds were issued at 110.94% of their face value, resulting in an actual borrowing amount of NTD$3,328,253 thousand. This issuance was approved by the Financial Supervisory Commission and was listed on the Taipei Exchange on October 9, 2024.

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

3. On December 21, 2021, the Company's board of directors resolved to issue the fifth domestic unsecured convertible bonds with a total face value of NTD$3,465,300 thousand. The bonds were issued at 101% of their face value, resulting in an actual borrowing amount of NTD$3,499,953 thousand. This issuance was approved by the Financial Supervisory Commission and was listed on the Taipei Exchange on April 25, 2022. Additionally, bondholders have the right to exercise the put option within the specified period according to the issuance regulations. Therefore, starting from April 25, 2024, the company classified these bonds as current liabilities. This classification does not imply that bondholders will necessarily demand repayment within the following year.

   The Company issued convertible bonds at face value,with the main issuance terms listed as follows:

	The Fifth Domestic Unsecured Convertible Bonds	The Sixth Domestic Unsecured Convertible Bonds	The seventh Domestic Unsecured Convertible Bonds
Issue amount	NTD 3,465,300 thousand	NTD 3,000,000 thousand	NTD 3,000,000 thousand
Issuance date	2022.04.25	2024.09.25	2024.10.09
Issued price	Issued at 101% of the face value	Issued at 103% of the face value	Issued at 110.94% of the face value
Coupon Rate	0%	0%	0%
Issuance period	2022.04.25~2027.04.25	2024.09.25~2029.09.25	2024.10.09~2029.10.09
Redemption rights of convertible bonds	From the day following the three-month anniversary of issuance (July 26, 2022) until forty days before the expiration of the issuance period (March 16, 2027), can only be applied under the following conditions:	From the day following the three-month anniversary of issuance (December 26, 2024) until forty days before the expiration of the issuance period (August 16, 2029), can only be applied under the following conditions:	From the day following the three-month anniversary of issuance (January 10, 2025) until forty days before the expiration of the issuance period (August 31, 2029), can only be applied under the following conditions:
	A.When the closing price of the common stock of the Company exceeds the current conversion price by 30% (inclusive) for thirty consecutive trading days;	A.When the closng price of the common stock of the Company exceeds the current conversion price by 30% (inclusive) for thirty consecutive trading days;	A.When the closing price of the common stock of the Company exceeds the then-current conversion price by 30% (inclusive) for thirty consecutive trading days;
	B.When the total amount of bonds that have not been converted falls below 10% of the original issuance amount after the convertible bonds have been requested for conversion by the creditors;	B.When the total amount of bonds that have not been converted falls below 10% of the original issuance amount after the convertible bonds have been requested for conversion by the creditors;	B.When the total amount of bonds that have not been converted falls below 10% of the original issuance amount after the convertible bonds have been requested for conversion by the creditors;

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

	The Fifth Domestic Unsecured Convertible Bonds	The Sixth Domestic Unsecured Convertible Bonds	The seventh Domestic Unsecured Convertible Bonds
Redemption rights of convertible bonds	The Company may send a registered 'Bond Redemption Notice' to creditors one month before the expiration date (the aforementioned period is calculated from the date the Company sends the notice, and the expiration date is the bond redemption base date). The Company shall also request the Taipei Exchange to announce the redemption and redeem the outstanding convertible bonds at face value in cash within five business days after the bond redemption base date. The bond redemption base date must not fall within the period when the convertible bonds are suspended from conversion.	The Company may send a registered 'Bond Redemption Notice' to creditors one month before the expiration date (the aforementioned period is calculated from the date the Company sends the notice, and the expiration date is the bond redemption base date). The Company shall also request the Taipei Exchange to announce the redemption and redeem the outstanding convertible bonds at face value in cash within five business days after the bond redemption base date. The bond redemption base date must not fall within the period when the convertible bonds are suspended from conversion.	The Company may send a registered 'Bond Redemption Notice' to creditors one month before the expiration date (the aforementioned period is calculated from the date the Company sends the notice, and the expiration date is the bond redemption base date). The Company shall also request the Taipei Exchange to announce the redemption and redeem the outstanding convertible bonds at face value in cash within five business days after the bond redemption base date. The bond redemption base date must not fall within the period when the convertible bonds are suspended from conversion.
Put option of convertible bonds.	Thirty days before the redemption base date after three years from issuance (March 26, 2025), creditors may request the Company to redeem the convertible bonds they hold in cash at face value. The Company shall process the redemption request and redeem the convertible bonds in cash within five business days after the redemption base date.	Thirty days before the redemption base date after three years from issuance (August 26, 2027), creditors may request the Company to redeem the convertible bonds they hold in cash at face value. The Company shall process the redemption request and redeem the convertible bonds in cash within five business days after the redemption base date.	There are no redemption clauses stipulated for the Company's bonds.
Conversion period of convertible bonds	Bondholders, from July 26, 2022 (the day following the three-month anniversary of the issuance of the convertible bonds), until April 25, 2027 (the expiration date)	Bondholders, from December 26, 2024 (the day following the three-month anniversary of the issuance of the convertible bonds), until September 25, 2029 (the expiration date).	Bondholders, from January 10, 2025 (the day following the three-month anniversary of the issuance of the convertible bonds), until October 9, 2029 (the expiration date).

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

	The Fifth Domestic Unsecured Convertible Bonds	The Sixth Domestic Unsecured Convertible Bonds	The seventh Domestic Unsecured Convertible Bonds
Conversion price of convertible bonds	The conversion price for the fifth issuance of five-year unsecured convertible bonds is set at $263 per share. This price will be adjusted if there are changes in the total number of common shares of the Company, distribution of cash dividends on common shares, conversion prices lower than the market price per share, or issuance of securities with conversion rights into common shares. Due to the dividend record dates on September 6, 2024, and September 1, 2023, the conversion price was adjusted from $241.8 to $236.2 and from $246.8 to $241.8, respectively, in accordance with Article 11 of the Company's domestic fifth unsecured convertible bond issuance and conversion regulations. This bond does not have a reset clause.	The conversion price for the sixth issuance of five-year unsecured convertible bonds is set at $607.5 per share.This price will be adjusted if there are changes in the total number of common shares of the Company, distribution of cash dividends on common shares, conversion prices lower than the market price per share, or issuance of securities with conversion rights into common shares. This bond does not have a reset clause.	The conversion price for the seventh issuance of five-year unsecured convertible bonds is set at $490.7 per share.This price will be adjusted if there are changes in the total number of common shares of the Company, distribution of cash dividends on common shares, conversion prices lower than the market price per share, or issuance of securities with conversion rights into common shares. This bond does not have a reset clause.

Please refer to Note (6)(q) for information on exposure to interest rate, foreign currency and liquidity risks of the Company.

(j) Employee benefits

1. Defined benefit plans

The Company determined the movement in the present value of the defined benefit obligations and fair value of plan assets as follows:

	2024.12.31	2023.12.31
Present value of defined benefit obligation	$ 71,749	86,799
Fair value of plan assets	(125,390)	(128,001)
Net defined benefit liabilities (assets)	**$ (53,641)**	**(41,202)**

The Company makes defines benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years or service and average salary for the six months prior to retirement.

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

1) Composition of plan assets

The Company sets aside pension funds in accordance with the regulations of the Council of Labor Affairs, and the pension funds are managed by the Pension Supervisory Committee. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the Management and Utilization of Labor Pension Funds regulations.

The Company' s Bank of Taiwan pension reserve account balance amounted to $132,340 thousand at the end of the reporting period. The information used to calculate pension fund assets includes the asset allocation and yield of the fund. Please refer to the information published on the website of the Council of Labor Affairs and the Labor Pension Supervisory Committee.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

	2024	2023
Defined benefit obligation at January 1	$ 86,799	88,670
Current service costs and interest	1,382	1,681
Remeasurement on the net defined benefit assets		
—Actuarial (gains) losses arising from experience adjustments	(1,297)	1,739
—Actuarial (gains) losses arising from changes in financial assumptions	736	963
Benefit paid	(15,871)	(6,254)
Defined benefit obligation at December 31	**$ 71,749**	**86,799**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	2024	2023
Fair value of plan assets at January 1	$ 128,001	131,512
Interest income	2,065	2,279
Remeasurement on the net defined benefit assets		
—Return on plan assets (excluding current interest)	11,195	464
Benefit paid	(15,871)	(6,254)
Fair value of plan assets at December 31	**$ 125,390**	**128,001**

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

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	2024	2023
Current service costs	$ 46	152
Net interest of net defined benefit assets	(729)	(750)
	$ (683)	**(598)**

5) Remeasurement on the net defined benefit liabilities recognized in other comprehensive income

The Company' s remeasurement on the net defined benefit liabilities recognized in other comprehensive income as follows:

	2024	2023
Cumulative amount at January 1	$ 4,259	2,021
Recognized during the period	(11,756)	2,238
Cumulative amount at December 31	**$ (7,497)**	**4,259**

6) Actuarial assumptions

The following are the Company's principal actuarial assumptions of Present Value of defined benefit obligations:

	2024.12.31	2023.12.31
Discount rate	2.00 %	1.63 %
Future salary increases	2.50 %	2.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $0.

The weighted average duration of the defined benefit obligation is 12.38 years.

7) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on defined benefit obligations	
	Increase	Decrease
December 31, 2024		
Discount rate (change of 0.25%)	(1,600)	1,657
Future salary increasing rate (change of 0.25%)	1,614	(1,567)

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

	Impact on defined benefit obligations	
	Increase	**Decrease**
December 31, 2023		
Discount rate (change of 0.25%)	(1,910)	1,979
Future salary increasing rate (change of 0.25%)	1,931	(1,873)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2024 and 2023, respectively.

2. Defined contribution plans

The Company set aside 6% of the employees' monthly wages to the Labor Pension personal accounts at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act.The Company does not have additional legal or constructive obligations after seposinf the fixed amount to the Bureau of the Labor Insurance.

For the years ended December 31, 2024 and 2023, the Company recognized pension expense $40,460 thousand and $39,617 thousand, respectively, paid under the defined contribution pension plan to the Bureau of the Labor Insurance.

(k) Income taxes

1. Income tax expense

The components of income tax in the years 2024 and 2023 were as follows:

		2024	2023
Current income tax expense:			
Current period	$	666,341	495,717
Adjustment for prior periods		(109,911)	-
		556,430	495,717
Deferred tax expense:			
Origination and reversal of temporary differences		208,350	148,552
Income tax expense	**$**	**764,780**	**644,269**

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

The amount of income tax recognized directly in equity for 2024 and 2023 was as follows:

	2024	2023
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	$ (2,352)	448
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	$ (179,800)	77,466

Reconciliation of income tax (profit) and profit before tax for 2024 and 2023 is as follows:

	2024	2023
Profit excluding income tax	$ 10,343,229	6,132,578
Income tax using the Company's domestic tax rate	$ 2,068,646	1,226,516
Non-deductible expenses	(1,138)	(2,869)
Deductible temporary differences	(1,252,251)	(684,609)
Overestimate from prior periods	(109,911)	-
Undistributed earnings additional tax	59,434	105,231
Income tax expense	$ 764,780	644,269

2. Deferred tax assets and liabilities

1) Unrecognized Deferred Tax Liabilities

As of December 31, 2024 and 2023, deferred tax liabilities are not recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The relevant amounts are as follow:

	2024.12.31	2023.12.31
Consolidated amount of taxable temporary differences associated with investments in subsidiaries	$ 24,814,501	18,479,324
Amounts are not recognized as deferred tax liabilities	$ 4,962,900	3,695,865

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

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2024 and 2023 are as follows:

	Unrealized gain on investment income	Defined Benefit Plans	Others	Total
Deferred Tax Liabilities:				
Balance at January 1, 2024	$ (657,191)	(6,698)	(893)	(664,782)
Debited (Credited) in income statement	(199,076)	(136)	(700)	(199,912)
Debited (Credited) in equity	-	(2,352)	-	(2,352)
Balance at December 31, 2024	**$ (856,267)**	**(9,186)**	**(1,593)**	**(867,046)**
Balance at January 1, 2023	$ (512,970)	(7,027)	-	(519,997)
Debited (Credited) in income statement	(144,221)	(119)	(893)	(145,233)
Debited (Credited) in equity	-	448	-	448
Balance at December 31, 2023	**$ (657,191)**	**(6,698)**	**(893)**	**(664,782)**

	Current provisions	Allowance for inventory valuation and obsolescence losses	Cumulative translation adjustment	Others	Total
Deferred Tax Assets:					
Balance at January 1, 2024	$ 2,386	3,113	201,605	-	207,104
Debited (Credited) in income statement	4,785	1,561	(14,784)	-	(8,438)
Debited (Credited) in equity	-	-	(179,800)	-	(179,800)
Balance at December 31, 2024	**$ 7,171**	**4,674**	**7,021**	**-**	**18,866**
Balance at January 1, 2023	$ 562	5,749	124,139	2,507	132,957
Debited (Credited) in income statement	1,824	(2,636)	-	(2,507)	(3,319)
Debited (Credited) in equity	-	-	77,466	-	77,466
Balance at December 31, 2023	**$ 2,386**	**3,113**	**201,605**	**-**	**207,104**

3. Assessment of tax

The Company's tax returns for the years through 2022 were assessed by the Taipei National Tax Administration.

4. Global Minimum Tax

When the company incurs additional tax, it is recognized as current income tax. The accounting treatment for deferred income tax related to the additional tax is subject to a temporary mandatory exemption. For details on the accounting policy, please refer to Note 4 (q).

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

(l) Capital and other equity

1. Issuance of ordinary shares

As of December 31, 2024 and 2023, the total value of nominal ordinary shares amounted to $6,000,000 thousand. The par value of each share is $10 dollars. In total, there were 346,632 and 343,179 thousands of ordinary shares issued. All issued shares were paid up upon issuance.

On December 31, 2023, the Company issued 1,411 thousand new shares in respect of the exercise of the conversion right by the holders of the convertible bond, with a total amount of $333,300 thousand at par amount, and the statutory registration procedure is in progress.

2. Capital surplus

The balance of capital surplus was as follows:

	2024.12.31	2023.12.31
Additional paid in capital frpm ordinary shares	$ 95,627	95,627
Premium from convertible bonds	5,018,076	4,208,261
Difference arising from subsidiary’s share price and its carrying value	48	-
Convertible option	577,116	57,858
	$ 5,690,867	4,361,746

According the R.O.C company Act, capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

3. Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders’ meeting for approval. The earning distribution shall be appropriated with adding 10%-70% of the distributable earning after accumulating the undistributed earnings in the past after setting aside various reserves.

To consider the characteristics of industrial growth and improve the Company’ s financial structure, the annual earnings distribution may not be made if the year in which the loss occurs, and the dividend policy will give priority to the Company’s future development, financial status, and shareholders’ remuneration where stock dividends will be distributed in consideration of the Company’ s future capital expenditure budget to retain the required cash. The rest will be distributed to shareholders in the form of cash dividends, provided that the distribution of cash dividends shall not be less than 20% of the total distributed dividends.

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

Dividends and bonuses distributed by the Company in whole or in part of the legal reserve and capital surplus are distributed in cash shall be authorized by the Board of Directors meeting attended by more than 2/3 of the Directors with a simple majority of the Directors in session and reported to the General Meeting of Shareholders.

The rest is the same as the undistributed earnings in previous years, and the Board of Directors will formulate a distribution proposal and submit it to the shareholders’meeting for resolution.

1) Legal reserve

When there is a surplus in the annual general accounts, the income tax shall be paid first and the past losses shall be compensated, and 10% of the statutory reserve shall be withdrawn in accordance with the law.

2) Special reserve

In accordance with Article 41 of the Securities and Exchange Act, it is necessary to set aside special surplus reserves or retain a portion of earnings as decided by the shareholders' meeting. Special surplus reserves shall be provisioned in accordance with the law. In the event of changes in laws and regulations or the elimination of the reasons for setting aside special surplus reserves due to the application of laws and regulations, they may be reversed and distributed to retained earnings.

3) Earnings distribution

The earnings distribution for 2023 and 2022 was resolved by the general meeting of shareholders held on May 31, 2024, and May 26, 2023, respectively.

The dividend distribution to shareholders is as follows:

	2023		2022	
	Dividend per Share (TWD$)	**Amount**	**Dividend per Share (TWD$)**	**Amount**
Dividends distributed to ordinary shareholders				
Cash	$ 10.00	3,439,332	8.50	2,829,806

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

4. Other equity(net of tax)

	Foreign currency translation differences for foreign operations	Losses on equity instruments at fair value through other comprehensive income	Total
Balance at January 1, 2024	$ (821,207)	(37,946)	(859,153)
Exchange difference on translation of foreign financial statements	793,122	-	793,122
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	22,173	22,173
Balance at December 31, 2024	**$ (28,085)**	**(15,773)**	**(43,858)**
Balance at January 1, 2023	$ (511,344)	(37,946)	(549,290)
Exchange difference on translation of foreign financial statements	(309,863)	-	(309,863)
Balance at December 31, 2023	**$ (821,207)**	**(37,946)**	**(859,153)**

(m) Earnings per share

1. Basic earnings per share

The calculation of basic earnings per share for the years ended December 31, 2024 and 2023, were based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

1) Profit attributable to ordinary shareholders

	2024	2023
Profit attributable to ordinary shareholders of the Company	**$ 9,578,449**	**5,488,309**

2) Weighted - average number of ordinary shares

	2024	2023
Issued ordinary shares at January 1	343,179	332,918
Effect of conversion of convertible notes	1,279	2,789
Weighted average number of ordinary shares at December 31	**344,458**	**335,707**

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

2. Diluted earnings per share

The calculation of diluted earnings per share for the years ended December 31, 2024 and 2023, were based on profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

		2024	2023
Profit attributable to ordinary shareholders of the Company (basic)	$	9,578,449	5,488,309
Effect of interest expense and other gains or losses on covertible bonds		(8,812)	(10,071)
Profit attributable to ordinary shareholders of the Company (diluted)	$	**9,569,637**	**5,478,238**

2) Weighted-average number of ordinary shares (diluted)

	2024	2023
Weighted-average number of ordinary shares (basic)	344,458	335,707
Effect of convertible bond	5,538	11,466
Effect of employee stock compensation	583	638
Weighted average number of ordinary shares (diluted) at December 31	**350,579**	**347,811**

For calculation of the dilutive effect of the stock option, the average market value is assessed based on the quoted market price where the Company's option is outstanding.

3. Earnings per share were as follow:

		2024	2023
Basic earnings per share	$	**27.81**	**16.35**
Diluted earnings per share	$	**27.30**	**15.75**

(n) Revenue from contracts with customers

1. Disaggregation of revenue

		2024	2023
Primary geographical markets			
Taiwan	$	9,333,130	6,550,605
China		2,410,901	1,558,289
Other		3,729,955	2,554,907
	$	**15,473,986**	**10,663,801**

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

		2024	2023
Major products			
Prepreg	$	5,167,469	3,926,917
Capper clad laminate		7,464,460	4,794,821
Mass lam foundry		474,773	398,399
Other		2,367,284	1,543,664
	$	**15,473,986**	**10,663,801**

(o) Rewards of employees, directors and supervisors

In accordance with the Company's article, which was approved by the shareholders, the Company shall assign 3% as rewards to employees, and less than 1.2% as rewards to directors and supervisors, if there are earnings during the year. However, the Company has to retain the amount while there are accumulated loss.The employees mentioned before include the employees in the subsidiaries who meet the specific conditions.

For the years ended December 31, 2024 and 2023, rewards of employees of $322,052 thousand and $190,947 thousand, and directors of $69,778 thousand and $41,372 thousand, respectively, were estimated and recognized as current expense. These amounts were calculated using the Company's profit before tax before rewards of employees and directors for the years ended December 31, 2024 and 2023, and using the earnings allocation method which was stated under the Company's article. These rewards were charged to profit or loss under operating costs or operating expenses for the years ended December 31, 2024 and 2023.

Related information of distributions of remuneration to employees and directors can be accessed from the Market Observation Post System. There is no difference between the rewards of employees and directors that was decided by the Board of Directors and the estimated financial reports amountsdisclosed within of 2024 and 2023.

(p) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

		For the years ended December 31,	
		2024	2023
Interest income	$	**36,978**	**14,236**

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

2. Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31,	
	2024	2023
Foreign currency exchange gain	$ 67,083	22,785
Gain on financial liabilities at fair value through profit or loss	26,642	42,290
Losses from disasters	-	(537,959)
Claims income	-	537,959
Expected credit loss	-	(1,168)
Other profits and loss	(5,285)	3,912
Other gains and losses	**$ 88,440**	**67,819**

For losses from disasters and losses and claims income, please refer to Note (10).

3. Finance costs

The details of finance cost were as follows:

	For the years ended December 31,	
	2024	2023
Interest expense	**$ 36,333**	**39,009**

(q) Financial instruments

1. Credit risk

1) Credit risks exposure

As of December 31, 2024 and 2023, the maximum exposure to credit risk arising from failure of performance of the counter-party and from financial guarantee made by the Company were as follows:

- The carrying amount of financial assets recognized in the financial statements;
- Financial guarantee made by the Company amounting to USD 171,603 thousands, 17,000 thousands, and USD 42,203 thousands, 14,000 thousands, respectively.

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

2. Liquidity risk

The following are the contractual maturities of financial liabilities of the Company, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	More than 2 years
Balance at December 31, 2024						
Non-derivative financial liabilities						
Accounts payable	$ 4,253,493	4,253,493	4,253,493	-	-	-
Other payables	2,634,374	2,634,374	2,634,374	-	-	-
Bonds payable	5,969,952	6,141,700	141,700	-	-	6,000,000
Lease liabilities	6,116	6,225	1,556	1,556	3,113	-
	$ 12,863,935	13,035,792	7,031,123	1,556	3,113	6,000,000
Balance at December 31, 2023						
Non-derivative financial liabilities						
Unsecured bank loans	$ 1,700,000	1,706,706	1,706,706	-	-	-
Accounts payable	3,112,792	3,112,792	3,112,792	-	-	-
Other payables	2,088,315	2,088,315	2,088,315	-	-	-
Bonds payable	930,543	965,700	-	-	965,700	-
	$ 7,831,650	7,873,513	6,907,813	-	965,700	-

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or in significantly different amounts.

3. Currency risk

1) Currency risk exposure

The Company's significant exposure to foreign currency risk was as follows:

	2024.12.31			2023.12.31		
	Foreign currency (thousands of dollars)	Exchange rate	TWD	Foreign currency (thousands of dollars)	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 184,912	32.785	6,062,333	135,244	30.705	4,152,667
Financial liabilities						
Monetary items						
USD	147,094	32.785	4,822,472	121,708	30.705	3,737,644

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

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, bank loans, accounts payable and other payable that are denominated in foreign currency. A 1% appreciation or depreciation of the TWD against the USD as at December 31, 2024 and 2023, would have increased or decreased net income by $10,138 thousand and $3,437 thousand, respectively. This analysis assumes that all other variables remain constant.

3) Foreign exchange gain and loss on monetary items

The foreign exchange gains (losses) of Company monetary items converted into the functional currency amount and converted to parent Company's functional currency Taiwan Dollar exchange rate information were as follows:

	2024		2023	
	Foreign exchange gains	**Average exchange rate**	**Foreign exchange losses**	**Average exchange rate**
TWD	$ 67,083	-	22,785	-

4. Interest rate analysis

The interest rate exposure of the Company's financial assets and liabilities is described on liquidity risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the financial assets and liabilities on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The Company's internal management reported the increases or decreases in the interest rates and the exposure to changes in interest rates of 0.5% is considered by management to be a reasonable change of interest rate.

If the interest rate increases or decreases by 0.5%, the Company's net income will decrease increase by $0 and $1,874 for the years ended December 31, 2024 and 2023, respectively, assuming all other variable factors remain constant. This is mainly due to the Company's variable rate borrowing.

5. Fair value

1) The kinds of financial instruments and fair value

Financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income is measured on a recurring basis. The fair value of financial assets and liabilities were as follows (including information on fair value hierarchy, but excluding measurements that have similarities to fair value but are not fair value and those fair value cannot be reliably measured or inputs are unobservable in active markets):

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

	2024.12.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit of loss					
Redemption and repurchase option of bonds	$ 18,867	-	-	18,867	18,867
Financial assets measured at amortized cost					
Cash and cash equivalents	3,670,011	-	-	-	-
Notes and accounts receivable	5,464,088	-	-	-	-
Other receivables	1,884,481	-	-	-	-
Refundable deposits	11,312	-	-	-	-
Subtotal	11,029,892	-	-	-	-
Total	**$ 11,048,759**	**-**	**-**	**18,867**	**18,867**
Financial liabilities at fair value through profit or loss					
Redemption and repurchase option of bonds	$ 12,600	-	-	12,600	12,600
Financial liabilities measured at amortized cost					
Accounts payable	4,253,493	-	-	-	-
Other payables	2,634,374	-	-	-	-
Bonds payable	5,969,952	-	-	-	-
Guarantee deposit received	3,850	-	-	-	-
Lease liabilities	6,116	-	-	-	-
Subtotal	12,867,785	-	-	-	-
Total	**$ 12,880,385**	**-**	**-**	**12,600**	**12,600**

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

	2023.12.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit of loss					
Redemption and repurchase option of bonds	$ 5,504	-	-	5,504	5,504
Financial assets measured at amortized cost					
Cash and cash equivalents	778,780	-	-	-	-
Notes and accounts receivable	3,879,461	-	-	-	-
Other receivables	1,295,098	-	-	-	-
Refundable deposits	8,636	-	-	-	-
Subtotal	5,961,975	-	-	-	-
Total	**$ 5,967,479**	**-**	**-**	**5,504**	**5,504**
Financial liabilities measured at amortized cost					
Short term borrowings	$ 1,700,000	-	-	-	-
Accounts payable	3,112,792	-	-	-	-
Other payables	2,088,315	-	-	-	-
Bonds payable	930,543	-	-	-	-
Guarantee deposit received	6,938	-	-	-	-
Total	**$ 7,838,588**	**-**	**-**	**-**	**-**

2) Valuation techniques for financial instruments measured at fair value

2.1) Non-derivative financial instruments

If a financial instrument is regarded as being quoted in an active market, the fair value is based on the quoted price in the active market. The market price announced by the major exchange and the OTC trading center of the central government bond is the basis to the fair value of listed equity instruments and debt instruments with active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm’ s length basis. If a financial instrument does not the above conditions, then it is considered to be without quoted prices in active market. In general, wide bid-ask spreads, significant increase in bid-ask spreads or low trading volume are all indicators of an inactive market.

The fair value of financial instruments held by the Group, if actively traded in a market, is disclosed by category and nature as follows:

The fair value of financial assets, such as stocks of listed (OTC) companies, which have standard terms and conditions and are actively traded in active markets, is determined based on market quotations.

For financial instruments other than those actively traded in the market, their fair value is determined using valuation techniques or by reference to quoted prices from counterparties. Fair value obtained through valuation techniques may refer to the fair value of other financial instruments with substantially similar terms and characteristics, discounted cash flow methods, or other valuation techniques, including models using market information available at the balance sheet date (such as the OTC reference yield curves, Reuters average quoted commercial paper rates).

The fair value of financial instruments held by the Group, if not actively traded in a market, is disclosed by category and nature as follows:

· Equity instruments without quoted prices:

The fair value is estimated using the market comparable companies method, with the main assumption based on the multiplier of equity derived from the estimated pre tax EBITDA of the investee, as well as the quoted market prices of comparable foreign listed (OTC) companies. This estimate has been adjusted for the discount impact of the lack of market liquidity of the equity securities.

2.2) Derivative financial instruments

Valued using widely accepted valuation models by market participants, such as discounted cash flow and option pricing models.

3) Transfers between Level 1 and Level 2

There was no transfer from Level 1 Level 2 in 2024 and 2023.

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include "financial asset (liabilities) measured at fair value through profit or loss - Embedded derivative - call and put options".

Most of the Level 3 fair value attributed to the Company has only a single significant unobservable input, and only non listed (non OTC) equity instrument investments have multiple significant unobservable inputs. Significant unobservable inputs of non listed (non OTC) equity instrument investments are independent of each other, so there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets (liabilities) at fair value through profit or loss / Embedded derivative financial instruments - Call and put options	Binomial tree convertible bond pricing model	· Volatility (49.44% and 43.02% as of 2024.12.31 and 2023.12.31 respectively)	· The higher the volatility, the higher the fair value

(r) Financial risk management

1. Overview

The Company have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

2. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of structure of risk management. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Company oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of structure of risk management in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

3. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers and investment.

1) Accounts receivable and other receivables

The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company’s customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk.

The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company’s standard payment terms are offered. The Company’s review includes external ratings, when available, and in some cases bank references. Credit limits are established for each customer, which represent the maximum open amount without requiring approval from the General Manager’s office; these limits are reviewed quarterly. Customers that fail to meet the Company’s benchmark creditworthiness may transact with the Company only on a cash basis.

The Company established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss incurred but not yet identified. The collective loss allowance is determined based on historical data on payment statistics for similar financial assets.

2) Bank deposit

The credit risk exposure in the bank deposits and transaction contract of foreign derivation instruments is measured and monitored by the General Manager's office. The Company only deals with financial institutions; therefore, there are no significant doubts regarding default on the above financial instruments, and as a result, there is no significant credit risk.

4. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

The Company uses activity-based costing to cost its products, which assists it in monitoring cash flow requirements. The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities over the succeeding 90 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2024 and 2023, the Company’s unused credit line were amounted to $9,825,312 and $7,160,813, respectively.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Risk Management Committee.

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company’s entities, primarily the New Taiwan Dollar (TWD), and US Dollar (USD). Besides, the Company uses natural hedging principle to hedge by controlling the net amount of each currency of the Company in accordance with the condition of the exchange rate market. The Company hedges the currency risk with forward foreign currency whose mature date is in a year from report date and currency swap contract.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily the TWD, and USD. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

2) Interest rate risk

The Company’s borrowings were on the basis of floating interest rate. The Company is not involved in the situation of changing floating interest rate into fixed rate with interest rate swap agreement. The Company periodically assessed the borrowing rates of the banks and every currency to make provisions for interest-changed rate risk. In addition, the Company creates favorable relationship with banks to get lower financial costs from borrowings in order for it to strengthen its working capital to lower its dependency on bank borrowings, as well as situation of changing floating interest rate and scatter interest-changed rate risk.

3) Other market price risk

The Company does not enter into any commodity contracts other than to meet the Company’s expected usage and sales requirements; such contracts are not settled on a net basis.

(s) Capital management

The Company maintains and manages its capital to meet the minimum paid-in capital required by the competent authority, and to optimize the balance of liabilities and equity to maximize shareholders' return.

The capital structure of the Company is composed of net debt (i.e. borrowings less cash and cash equivalent) and equity (i.e. share capital, capital reserve, retained earnings and other equity items).

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

The principal management of the Company reviews the capital structure of the Company on an annual basis, including considering the costs and associated risks of various types of capital. Based on the recommendations of key management, the Company will balance its overall capital structure by borrowing short-term borrowings from financial institutions.

(t) Investing and financing activities not affecting current cash flow

The Company investing and financing activities which did not affect the current flow in the years ended December 31, 2024 and 2023.

1. For right-of-use assets under leases, please refer to Note(6)(i).

2. Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2024	**Cash flow**	**Acquisition**	**Foreign exchange movement**	**Other**	**December 31, 2024**
Short-term borrowings	$ 1,100,000	(1,100,000)	-	-	-	-
Long-term borrowings	600,000	(600,000)	-	-	-	-
Bonds payable	930,543	6,418,253	-	-	(1,378,844)	5,969,952
Lease liabilities	-	(2,974)	-	-	9,090	6,116
Total liabilities from financing activities	**$ 2,630,543**	**4,715,279**	**-**	**-**	**(1,369,754)**	**5,976,068**

			Non-cash changes			
	January 1, 2023	**Cash flow**	**Acquisition**	**Foreign exchange movement**	**Other**	**December 31, 2023**
Short-term borrowings	$ 34,803	1,065,197	-	-	-	1,100,000
Long-term borrowings	-	600,000	-	-	-	600,000
Bonds payable	3,302,140	-	-	-	(2,371,597)	930,543
Total liabilities from financing activities	**$ 3,336,943**	**1,665,197**	**-**	**-**	**(2,371,597)**	**2,630,543**

(7) Related-party Transactions

(a) Names and relationship with related parties

The followings are subsidiaries and other entities that have had transactions with the Company during the periods covered in the parent company only financial statements:

Name of related party	Relationship with the Company
EMC OVERSEAS HOLDING INCORPORATED	The Company's subsidiaries
Grand Wuhan Incorporated	The Company's subsidiaries
EMC INTERNATIONAL HOLDING INCORPORATED	The Company's subsidiaries
Grand Zhuhai Incorporated	The Company's sub-subsidiaries

Name of related party	Relationship with the Company
Grand Shanghai Incorporated	The Company's sub-subsidiaries
Grand Zhongshan Incorporated	The Company's sub-subsidiaries
EMC SPECIAL APPLICATION INCORPORATED	The Company's sub-subsidiaries
Elite Electronic Material (Kunshan) Co., Ltd.	The Company's sub-subsidiaries
Elite Electronic Material (Zhongshan) Co., Ltd.	The Company's sub-subsidiaries
Elite Electronic Material (Huangshi) Co., Ltd.	The Company's sub-subsidiaries
EMD SPECIALTY MATERIALS, LLC	The Company's sub-subsidiaries
EMC USA HOLDING INCORPORATED	The Company's sub-subsidiaries
ELITE MATERIAL(PENANG) SDN. BHD.	The Company's sub-subsidiaries
TECHNICA USA	The Company's sub-subsidiaries (Note 1)

Note 1: On January 1, 2024, EMD SPECIALTY MATERIALS, LLC invested 30% in TECHNICA, increasing the company's shareholding ratio to 60%. Therefore, on January 1, 2024, it changed from an associate to a subsidiary.

(b) Significant transactions with related parties

1. Sales

The amounts of significant sales by the Company to related parties were as follows:

	For the years ended December 31,	
	2024	2023
Sub-subsidiaries	$ 2,538,629	1,628,892
Associates	-	(4,715)
	$ 2,538,629	**1,624,177**

The selling price for related parties and general customers are negotiated by both parties. The credit terms ranged from 90 to 120 days, which approximated those for routine sales transactions; the royalties are negotiated by both parties.

2. Purchases

The amounts of purchases by the Company from related parties were as follows:

	For the years ended December 31,	
	2024	2023
Sub-Subsidiaries	**$ 1,734,705**	**988,974**

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from 90 to 120 days, which were no different from the payment terms given by other vendors.

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

3. Receivables from related parties

The receivables from related parties were as follows:

Item	Related party categories	2024.12.31	2023.12.31
Accounts receivable	Elite Electronic Material (Kunshan) Co., Ltd.	$ 423,479	166,088
Accounts receivable	Elite Electronic Material (Zhongshan) Co., Ltd.	362,341	135,443
Accounts receivable	Sub-Subsidiaries	209,201	23,370
Other receivable	Sub-Subsidiaries	12,859	149,678
		$ 1,007,880	**474,579**

The receivables from related parties were uncollateralized, and no provisions for doubtful debt were required after the assessment by the management.

4. Payables to related parties

The payables to related parties were as follows:

Item	Related party categories	2024.12.31	2023.12.31
Accounts payable	Elite Electronic Material (Kunshan) Co., Ltd.	$ 29,997	141,479
Accounts payable	Elite Electronic Material (Huangshi) Co., Ltd.	628,084	317,009
Accounts payable	Sub-Subsidiaries	5,796	31,322
Other payables	Elite Electronic Material (Kunshan) Co., Ltd.	359,845	410,202
Other payables	Elite Electronic Material (Zhongshan) Co., Ltd.	347,544	304,059
Other payables	Sub-Subsidiaries	637	508
Other payables	Associates	-	1,212
		$ 1,371,903	**1,205,791**

5. Loans to related parties

The loans to related parties were as follow:

	2024.12.31	2023.12.31
Subsidiaries	**$ 755,383**	**-**

The loans to related parties are unsecured and no recognition for impairment loss were required after the assessment by the management.

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

6. Guarantee

As of December 31, 2024, the Company had provided a guarantee for loans taken out by its subsidiaries, please refer to Note 13(a) for further explanations.

7. Other transactions to related parties

Account	Relationship	2024	2023
Selling expenses	Sub-subsidiaries	$ 4,695	315
Selling expenses	Associates	-	2,867
Interest income	Sub-subsidiaries	2,928	-
		$ 7,623	**3,182**

(c) Transactions with key management personnel

Key management personnel compensation comprised:

	2024	2023
Short-term employee benefits	$ 130,955	114,272
Termination benefits	677	756
	$ 131,632	**115,028**

(8) Pledged Assets

The following assets were restricted in use:

Assets	Purpose of Pledge	2024.12.31	2023.12.31
Refundable deposits	Performance bonds, rental deposits, and natural gas deposits	**$ 11,312**	**8,636**

(9) Significant Contingencies and Commitments

(a) Major commitments and contingencies were as follows:

1. Unused standby letters of credit

	2024.12.31	2023.12.31
Unused standby letters of credit		
TWD	$ -	-
USD	12,977	13,282

2. The royalties of eco-material technique treatment with Company A, etc., the paid royalties were as follows:

2024	2023
$ -	**154**

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

3. As of December 31, 2024 and 2023, the amounts of Performance Letter of Guarantee issued by Mega International Commercial Bank-Zhongli Branch for the purpose of Customs for guaranty of domestic tariff and for guaranty of hiring foreigners to be employed were $17,000 thousand and $14,000 thousand.

(10) Significant Losses from Disasters

On January 15, 2023, the Company suffered a major fire incident that caused damage to some of the Company's buildings, equipment, construction in progress, other assets and inventories, and the Company derecognized the damaged buildings, equipment and construction in progress amounting to $248,367 thousand, other assets amounting to $18,070 thousand, and inventories amounting to $271,522 thousand, with a total disaster loss of $537,959 thousand, which was reported under non-operating income and expenses. Please refer to Note (6)(p) for relevant information. The amount of disaster compensation is based on the best estimate of the evidence available as of the reporting date, but the actual amount of compensation is subject to subsequent negotiations, and there may still be contingent liabilities that cannot be estimated and have not yet been recorded.

The Company has taken out relevant property insurance and is currently negotiating with the insurance company for the claim. Based on confirmation by the insurance company and its notary public, the Company recorded the compensation that is almost certain to be received from the insurance company as claims receivable, with amount not exceeding the disaster loss of each of the assets. As of December 31, 2023, the claims receivable recognized by the Company is $537,959 thousand, and is reported under the non operating income and expenses. Please refer to Note (6)(p) for relevant information. However, the insurance claim involves disaster identification, and the Company has not yet been able to fully confirm the full amount of the insurance claim. And the subsequent increase in insurance claim income will not be recognized until the Company is almost certain to receive the payment. As of December 31, 2024, part of the claim payment of $188,000 thousand had been received.

(11) Significant Subsequent Events: None.

(12) Others

(a) Employee benefits, depreciation, and amortization expenses, categorized as operating cost or expense, were as follows:

Categorized as / Nature	For the year ended December 31, 2024			For the year ended December 31, 2023		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	708,481	873,077	1,581,558	631,901	675,858	1,307,759
Labor and health insurance	55,672	37,196	92,868	53,897	33,903	87,800
Pension	24,453	15,324	39,777	23,780	15,239	39,019
Remuneration of directors	-	70,286	70,286	-	41,844	41,844
Others employee benefits	44,663	22,295	66,958	29,796	13,865	43,661
Depreciation	208,946	33,669	242,615	184,169	22,580	206,749
Amortization	-	13,581	13,581	-	14,426	14,426

As of December 31, 2024 and 2023, the additional information about the numbers of employees and employee benefit were as follows:

	2024	2023
Number of employees	1,129	1,021
Number of directors who were not employees	7	6
The average employee benefit	$ 1,587	1,456
The average salaries and wages	$ 1,410	1,288
Adjustment of average salaries and wages	9.47 %	
Supervisors' remuneration	$ -	-

1.The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

The remunerations to directors, managers and employees are in accordance with the principles of fairness and competition. In addition, the wages of the employees of the Company are paid based on the grade table set according to the complexity of their work, the degree of their responsibilities, and the professional skills required. Furthermore, the remuneration of the Company's directors and employees is determined by reference to the Company's overall operating performance, future risks and development trends of the industry, as well as the individual's performance achievement rate and contribution to the Company; reasonable remuneration is also taken into consideration.

2.The Company did not have supervisors, therefore, there was no remunerations of supervisors.

(13) Additional Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2024:

1. Fund financing to other parties:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

No	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	Elite Material Co., Ltd.	EMD SPECIALTY MATERIALS, LLS	Other receivables-related parties	Y	1,000,000	1,000,000	655,383	2.00%	2	-	Operating demand	-		-	10,533,245 (Note 3)	10,533,245 (Note 3)
0	Elite Material Co., Ltd.	TECHNICA USA	Other receivables-related parties	Y	100,000	100,000	100,000	2.00%	2	-	Operating demand	-		-	10,533,245 (Note 3)	10,533,245 (Note 3)
1	Elite Electronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	Other receivables-related parties	Y	3,078,082	-	-	2.00%	2	-	Operating demand	-		-	9,238,710 (Note 4)	9,238,710 (Note 4)

No	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Elite Electronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	Other receivables-related parties	Y	1,489,684	-	-	2.00%	2	-	Operating demand	-		-	9,238,710 (Note 4)	9,238,710 (Note 4)
2	Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	Other receivables-related parties	Y	949,905	935,902	622,442	2.00%	2	-	Operating demand	-		-	3,155,029 (Note 4)	3,155,029 (Note 4)

Note 1: The number is filled as follows:

1. 0 is the Company.
2. Subsidiaries are numbered as 1 sequentially.

Note 2:1. Having dealings with the Company.

2. Those who have the needs in short-term financing.

Note 3: The company with business contact,the total amount of fund financing cannot exceed 30% of the Company's net asset value.

Note 4: The company with business contact, The total maximum financing amount cannot exceed 30% of the lender's net asset value, while the maximum financing amount for a single company cannot exceed 30% of the lender's net value.

Note 5: The total amount cannot exceed 100% of the Company's net worth in its lates financial statements.

2. Guarantees and endorsements for other parties:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

No. (Note 1)	Name of company	Counter-party		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent Company endorsement/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsement/ guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	Elite Material Co., Ltd.	EMD SPECIALTY MATERIALS,LLC	2	17,555,409	2,675,362	2,675,362	1,272,750	-	7.62 %	35,110,817	Y		
0	〃	ELITE MATERIAL (PENANG) SDN. BHD.	2	17,555,409	2,955,150	2,950,650	65,570	-	8.40 %	35,110,817	Y		
0	〃	TECHNICA USA	2	17,555,409	19,200	-	-	-	- %	35,110,817	Y		
1	Elite Electronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	4	15,397,850	2,063,159	2,063,159	384,125	-	6.70 %	30,795,700			Y
1	〃	ELITE MATERIAL (PENANG) SDN. BHD.	4	15,397,850	3,940,200	3,934,200	-	-	12.78 %	30,795,700			
2	Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	4	5,258,382	1,435,840	447,800	259,769	-	4.26 %	10,516,763			Y

Note 1: 0 is the Company.

1 The inrestee company are numbered as 1 sequentially.

Note 2:There are the following 7 types of relationship between the endorser and the object of the endorsement guarantee, and the type can be indicated:

1. Entities with business relationship with the Company.
2. A subsidiary in which the Company directly holds more than 50% of its voting shares.
3. A investee in which the Company and subsidiary holds more than 50% of its voting shares.
4. A parent company in which the Company directly or Subsidiaries indirectly holds more than 90% of its voting shares.
5. Companies in same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
6. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.
7. Companies in same type of business providing guarantees of pre-sale contracts according to the regulation.

Note 3:According to the company's endorsement and guarantee procedures:The total amount of the company's external endorsements and guarantees shall not exceed 100% of the net worth of the company's most recent financial statements, and the limit for endorsements and guarantees to a single enterprise shall not exceed 50% of the net worth of the company's most recent financial statements.

3. Information regarding securities held at balance sheet date:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Note
				Number	Book value	Percentage	Market value	
EMC OVERSEAS HOLDING INCORPORARTED	PROUD STAR INTERNATIIONAL LIMITED	-	Financial assets measured at fair value through other comprehensive income - non-current	500,000	-	3.26 %	-	

4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches $300 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

Company name	Marketable Securities type and name	Financial statement account	Counter -party	Nature of relationship	Beginning balance		Acquisitions		Disposal (Note 4)				Ending balance	
					Units/shares	Amount (Note 1)	Units/shares	Amount (Note 1)	Units/shares	Amount	Carrying value	Gain (loss) on disposal	Units/shares	Amount (Note 1)
Elite Electronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	Investments using the equity method	Elite Electronic Material (Huangshi) Co., Ltd.	Subsidiaries	-	1,249,827	-	3,116,379	-	-	-	-	-	4,366,206
〃	ELITE MATERIAL (PENANG) SDN. BHD.	〃	ELITE MATERIAL (PENANG) SDN. BHD.	〃	45,382,001	302,434	451,769,500	3,295,639	-	-	-	-	497,151,501	3,598,073

Note 1: This includes new investments made during the current period and changes in the equity and other comprehensive income of the investee company recognized based on the share of equity held.

5. Acquisition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of Company	Name of property	Transaction date	Transaction amount	Status of payment	Counterparty	Relationship with the Company	If the country is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Elite Electronic Material (Kunshan) Co., Ltd.	Construction in progress and equipment pending inspection	2023/11/24	432,037	118,909	Jiangsu Yongtai Construction Engineering Co., Ltd.	Non-related party	NA	NA	NA	-	NA(note 1)	For company operations	
ELITEMATERIAL(PENANG) SDN.BHD.	Construction in progress and equipment pending inspection	2023/12/28	3,453,273	1,798,822	MASTEQ ENGINEERING SDN. BHD.	Non-related party	NA	NA	NA	-	NA(note 1)	For company operations	
EMD SPECIALTY MATERIALS,LLC	Right-of-use	2024/4/1	350,547	-	BCORE Defender CA1W02, LLC	Non-related party	NA	NA	NA	-	Appraisal Report	For company operations	
Elite Electronic Material (Zhongshan) Co., Ltd.	Construction in progress and equipment pending inspection	2024/10/22	1,714,895	135,106	Jiangsu Yongtai Construction Engineering Co. , Ltd.	Non-related party	NA	NA	NA	-	NA(note 1)	For company operations	

Note 1: This is a commissioned construction project on leased land, and there is no need to obtain an appraisal report.

6. Disposition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital: None.

7. Purchases from and sales to related parties with the dollar amount exceeding $100 million or 20% or more of paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase /Sale	Amount	Percentage of total purchases /sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable)	
Elite Material Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd.	Parent and subsidiary companies	Sale	(1,129,786)	(7)%	Monthly settlement of 90 to 120 days	-		423,479	8 %	
Elite Electronic Material (Kunshan) Co., Ltd.	Elite Material Co., Ltd.	〃	Purchase	1,129,786	6 %	〃	-		(423,479)	(6)%	
Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	〃	Sale	(783,640)	(5)%	〃	-		362,341	7 %	
Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Material Co., Ltd.	〃	Purchase	783,640	5 %	〃	-		(362,341)	(7)%	
Elite Material Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	〃	Sale	(278,818)	(2)%	〃	-		149,404	3 %	
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Material Co., Ltd.	〃	Purchase	278,818	4 %	〃	-		(149,404)	(5)%	
Elite Material Co., Ltd.	EMD SPECIALTY MATERIALS, LLC	〃	Sale	(127,729)	(1)%	〃	-		59,797	1 %	
EMD SPECIALTY MATERIALS,LLC	Elite Material Co., Ltd.	〃	Purchase	127,729	23 %	〃	-		(59,797)	(61)%	
Elite Electoronic Material (Kunshan) Co., Ltd.	Elite Material Co., Ltd.	〃	Sale	(116,861)	- %	〃	-		29,997	- %	
Elite Material Co., Ltd.	Elite Electoronic Material (Kunshan) Co., Ltd.	〃	Purchase	116,861	1 %	〃	-		(29,997)	(1)%	
Elite Electoronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	〃	Sale	(778,185)	(3)%	〃	-		448,095	4 %	
Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Electoronic Material (Kunshan) Co., Ltd.	〃	Purchase	778,185	5 %	〃	-		(448,095)	(8)%	
Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Electoronic Material (Kunshan) Co., Ltd.	〃	Sale	(116,052)	(1)%	〃	-		73,837	1 %	
Elite Electronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	〃	Purchase	116,052	1 %	〃	-		(73,837)	(1)%	

Name of company	Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase /Sale	Amount	Percentage of total purchases /sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable)	
Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	Associates	Sale	(182,065)	(1)%	〃	-		82,499	1 %	
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	〃	Purchase	182,065	2 %	〃	-		(82,499)	(3)%	
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Material Co., Ltd.	Parent and subsidiary companies	Sale	(1,572,125)	(16)%	〃	-		628,084	18 %	
Elite Material Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	〃	Purchase	1,572,125	14 %	〃	-		(628,084)	(15)%	
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Electoronic Material (Kunshan) Co., Ltd.	〃	Sale	(1,429,517)	(14)%	〃	-		424,761	12 %	
Elite Electoronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	〃	Purchase	1,429,517	8 %	〃	-		(424,761)	(6)%	
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	Associates	Sale	(4,870,553)	(49)%	〃	-		1,560,858	44 %	
Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	〃	Purchase	4,870,553	33 %	〃	-		(1,560,858)	(29)%	

8. Accounts receivable from related parties for which the dollar amount exceeds $100 million or 20% or more of paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover days	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
Elite Material Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd.	Parent and subsidiary	423,479	3.83	-		194,122	-
Elite Material Co., Ltd. (Note 1)	〃	〃	10,939	NA	-		10,819	-
Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	〃	362,341	3.15	-		128,527	-

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

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover days	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
Elite Material Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	Parent and subsidiary	149,404	3.42	-		29,332	-
Elite Material Co., Ltd.	EMD SPECIALTY MATERIALS,LLC	〃	59,797	3.68	-		21,373	-
Elite Material Co., Ltd.(Note 1)	〃	〃	656,954	NA	-		-	-
Elite Material Co., Ltd.(Note 1)	TECHNICA USA	〃	100,339	NA	-		-	-
Elite Electronic Material (Kunshan) Co., Ltd.	Elite Material Co., Ltd.	〃	29,997	1.36	-		16,074	-
Elite Electronic Material (Kunshan) Co., Ltd.(Note 1)	〃	〃	359,845	NA	-		113,470	-
Elite Electronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	〃	448,095	3.22	-		188,656	-
Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Material Co., Ltd.	〃	3,854	0.63	-		3,435	-
Elite Electronic Material (Zhongshan) Co., Ltd.(Note 1)	〃	〃	347,544	NA	-		89,748	-
Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	Associates	82,499	3.40	-		47,160	-
Elite Electronic Material (Zhongshan) Co., Ltd.(Note 1)	〃	〃	630,395	NA	-		-	-
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Material Co., Ltd.	Parent and subsidiary	628,084	3.33	-		324,939	-
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd.	〃	424,761	2.80	-		279,196	-
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	Associates	1,560,858	3.76	-		945,620	-

Note 1: Recorded under other receivable due from related parties.

9. Derivative transactions: None.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

ELITE MATERIAL CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

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

(b) Information on investees:

For the year ended December 31, 2024, the following was the information on investees (excluding investees in Mainland China) :

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Net income (loss) of the investee	Investment income (losses) (Note 7)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value (Note 7)			
Elite Material Co., Ltd.	EMC OVERSEAS HOLDING INCORPORATED	British virgin Islands	Investment business	1,179,111	1,179,111	36,256,950	100.00 %	30,856,264	9,746,427	9,746,427	Subsidiary
〃	Grand Wuhan Incorporated	Cayman Islands	Investment business	602,440	602,440	20,020,000	100.00 %	824,240	42,210	42,210	Subsidiary
〃	EMC INTERNATIONAL HOLDING INCORPORATED	〃	Investment business	781,850	781,850	27,042,000	100.00 %	(2,597)	(603,651)	(603,651)	Subsidiary
〃	Li Cheng Tech Co., Ltd.	Taiwan	Electronics, Telecommunications equipment, Wholesale, Retails, Batteries, Power generation and Distribution machinery manufacturing business	173,694	173,694	16,412,918	33.50 %	-	-	-	Note 5
EMC OVERSEAS HOLDING INCORPORATED	Grand Zhuhai Incorporated	Cayman Islands	Investment business	1,134,953	1,134,953	34,618,060	100.00 %	30,830,128	9,744,493	9,744,493	Sub-subsidiary
〃	Li Cheng Tech Co., Ltd.	Taiwan	Electronics, Telecommunications equipment, Wholesale, Retails, Batteries, Power generation and Distribution machinery manufacturing business	7,311	7,311	250,000	1.53 %	-	-	-	Note 5
Grand Zhuhai Incorporated	Grand Shanghai Incorporated	British Virgin Islands	Investment business	1,109,798	1,109,798	18,200,000	100.00 %	18,722,596	5,916,122	5,916,122	Third tier subsidiary
〃	Grand Zhongshan Incorporated	〃	Investment business	538,887	538,887	16,437,000	100.00 %	12,101,319	3,823,557	3,823,557	〃
EMC INTERNATIONAL HOLDING INCORPORATED	EMC SPECIAL APPLICATION INCORPORATED	Cayman Islands	Investment business	860,770	860,770	26,255,000	100.00 %	31,838	(576,883)	(576,883)	Sub-subsidiary
〃	EMC USA HOLDING INCORPORATED	〃	Investment business	23,999	23,999	732,000	100.00 %	(34,679)	(26,395)	(26,395)	〃
EMC SPECIAL APPLICATION INCORPORATED	EMD SPECIALTY MATERIALS,LLC	USA	Copper clad laminate and prepreg business	858,873	858,873	-	100.00 %	31,249	(412,365)	(412,365)	Third tier subsidiary
EMC USA HOLDING INCORPORATED	TECHNICA USA	〃	Import/export business	43,342	19,671	2,044,000	56.07 %	(34,654)	(34,046)	(18,484)	Note 4
EMD SPECIALTY MATERIALS,LLC	TECHNICA USA	〃	Import/export business	19,671	-	600,000	16.46 %	(10,173)	(34,046)	(6,095)	Note 4
Elite Electronic Material (Kunshan) Co., Ltd.	ELITE MATERIAL (PENANG) SDN. BHD.	Malaysia	Copper clad laminate and prepreg business	3,526,733	318,989	497,151,501	100.00 %	3,598,073	(7,233)	(7,233)	

Note 1: The amounts of book value recognized using the equity method include investment income(losses) and the exchange differences on translation of foreign statements.
Note 2: The amount above is evaluated based on the independent audit report of the investee under equity method.
Note 3: The aforementioned transaction of subsidiary have been eliminated in the consolidated financial statements.
Note 4: On January 1, 2024, EMD SPECIALTY MATERIALS, LLC invested USD 600,000 to acquire a 30% equity stake in TECHNICA USA. Additionally, in March 2024, EMC USA HOLDING INCORPORATED and in May 2024, non-controlling interests executed a preferred stock conversion, resulting in EMC USA HOLDING INCORPORATED's equity changing to 56.07% and EMD SPECIALTY MATERIALS, LLC's equity changing to 16.46%.
Note 5: The investment value had been impaired, the Company recognized all losses and the book value was offset to zero.
Note 6: The difference between the ending balance and the net equity value is mainly due to the unrealized gross profit and the amortization of equipment purchased on behalf of others.

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan (R.O.C.)	Investment Flows		Accumulated Outflow of Investment from Taiwan	Net income (loss) of the investee	Percentage of Ownership	Investment Income (Loss) Recognized (Note 2)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
Elite Electronic Material (Kunshan) Co., Ltd.	Copper clad laminate and prepreg business	4,066,854	(2)	650,816	-	-	650,816	9,737,962	100.00 %	9,737,960	30,795,559	12,585,988
Elite Electronic Material (Zhongshan) Co.Ltd.	〃	3,593,595	(2)	440,613	-	-	440,613	3,345,200	100.00 %	3,345,200	10,516,127	5,410,555
Elite Electronic Material (Huangshi) Co., Ltd.	〃	2,873,815	(2)	601,858	-	-	601,858	872,858	100.00 %	872,858	4,366,206	-

2. Limitation on investment in Mainland China:

Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period	Approved investment (amount) by Ministry of Economic Affairs Investment Commission	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission
1,710,734	11,590,220	21,066,490

Note 1: There are three investment approach of categories:
(1) Direct Investment in Mainland China.
(2) Investment in Mainland China by a third party.
(3) Other approach.
Note 2: The financial statements were audited by the Certified Public Accountants of the Company.
Note 3: The difference between the paid-in capital of Elite Electronic Material (Kunshan) Co. Ltd. and the investment amount remitted from Taiwan amounted to USD6,012 thousand, USD24,846 thousand and USD16,000 thousand, which was invested overseas by the subsidiary, also USD10,000 thousand, and USD35,000 thousand, which were recognized as capital increase out of earnings, respectively, and capital surplus of USD 20,000 thousand.
Note 4: The difference between the paid-in capital of Elite Electronic Material (Zhongshan) Co. Ltd. Amounted to USD6,255, which was recognized as capital increase out of earnings. and the investment amount remitted from Taiwan amounted to CNY 649,959 thousand,which was invested overseas by the subsidiary.
Note 5: The difference between the paid-in capital of Taiguang Electronic Materials (Huangshi) Co., Ltd. and the funds remitted from Taiwan is due to a direct investment of CNY 510,000 thousand by an overseas subsidiary.
Note 6: The difference between the paid-in capital and investment amount remitted from Taiwan amounted to USD110, which was invested overseas by the subsidiary.
Note 7: The items in the balance sheet and those in the income statements were translated at the exchange rate of 32.7850 and 32.0531, respectively, for the year ended December 31, 2024.
Note 8:The difference between the ending balance and the equity net value is mainly due to unrealized sales gross profit and the amortization of equipment purchased on behalf of others.

3. Significant transactions:

   Please refer to the related disclosures above captioned as "Related information on material transaction items" for direct or indirect significant transactions between the Company and its investees in Mainland China for the year ended December 31, 2024. (The transactions were eliminated in the consolidated financial statements.)

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Yu Chang Investment Co., Ltd.	25,471,477	7.34 %
Labor Pension Fund-HSBC Investment Account	20,626,500	5.95 %

Note: (1) The major shareholder information within this table is calculated by TDCC on the last business day at the end of each quarter. The calculation is based the shareholding information of ordinary and preferred shares completed with non-physical registration, including treasury share, held by shareholders with a holding non prcentage exceeding 5%. As for the share capital recorded in the company's financial statements and the number of shares delivered by the company without physical registration, the calculation basis may be different.

(2) If the information relates to shares held in trust, it will be disclosed by the trustee who opened the trust account separately. As for shareholders who declared insider equity holding of more than 10% in accordance with the Securities Exchange Act, their shareholdings include their shareholdings plus their shares with the right to make decisions held in trust.For information on insider equity declaration, please refer to the Market Observation Post System.

(14) Segment Information

Please refer to the consolidated financial statements of the year ended 2024.

Elite Material Co., Ltd.

STATEMENT OF CASH AND CASH EQUIVALENTS

December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Cash on hand	$ 429
Saving accounts	Check account deposits	532
	Saving accounts	293,772
	Foreign deposits(USD8,623 thousands, CNY1,477 thousands)	289,311
	Time deposits	2,836,789
	Subtotal	3,420,404
Cash equivalents	Repurchase agreement bonds	249,178
		$ 3,670,011

STATMENT OF NOTES RECEIVABLES

Client name	Description	Amount	Note
A Company	Current portion	$ 11,583	
B Company	〃	12,145	
C Company	〃	1,564	
Others	〃	3,345	Those included in others individually dose not exceed 5% of the account balance.
Less: Loss allowance		(408)	
Total		**$ 28,229**	

Elite Material Co., Ltd.

STATEMENT OF ACCOUNT RECEIVABLES

December 31, 2024

(In Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Related-parties:			
Elite Electronic Material (Kunshan) Co., Ltd.		$ 423,479	
Elite Electronic Material (Zhongshan) Co., Ltd.		362,341	
Elite Electronic Material (Huangshi) Co., Ltd.		149,404	
EMD SPECIALTY MATERIALS, LLC		59,797	
Sub total		995,021	
Non-related-parties:			
D Company		480,287	
E Company		996,531	
F Company		839,147	
G Company		316,743	
H Company		407,977	
I Company		361,837	
J Company		352,648	
Others		686,987	Those included in others individually dose not exceed 5% of the account balance.
Sub total		4,442,157	
Total		5,437,178	
Less: Loss allowance		(1,319)	
Accounts receivable, net		**$ 5,435,859**	

Elite Material Co., Ltd.

STATEMENT OF INVENTORY

December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net Realizable Value	Note
Materials	$ 1,293,244		
Less: Loss allowance	(6,431)		
Sub total	1,286,813	**1,313,608**	
Supplies	15,071	**15,071**	
Work in progress	118,216		
Less: Loss allowance	(1,020)		
Sub total	117,196	**130,158**	
Finished goods	414,756		
Less: Loss allowance	(15,918)		
Sub total	398,838	**529,670**	
Inventory in-transit	59,736	**59,736**	
Inventory, net	**$ 1,877,654**		

Elite Material Co., Ltd.

STATEMENT OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

For the Year Ended December 31, 2024

(In Thousands of New Taiwan Dollars)

Investee Company	Beginning Balance		Increase		Decrease		Ending Balance			Market Price or Net Value		Pledged as collateral	Note
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Proportion of shareholding	Amount	Unit price	Total price		
EMC OVERSEAS HOLDING INCORPORATED	36,257	$ 22,080,915	-	8,775,349	-	-	36,257	100.00 %	30,856,264	-	30,871,837	No	Note 1
Grand Wuhan Incorporated	20,020	731,513	-	92,727	-	-	20,020	100.00 %	824,240	-	824,240	No	
EMC INTERNATIONAL HOLDING INCORPORATED	27,042	570,984	-	-	-	573,581	27,042	100.00 %	(2,597)	-	(2,620)	No	Note 1
Licheng Technology (Stock) Company	16,413	-	-	-	-	-	16,413	33.50 %	-	-	-	No	
		$ 23,383,412		8,868,076		573,581			31,677,907		31,693,457		

Note1: The difference between the ending balance and the net equity value is mainly due to the unrealized gross profit and the amortization of equipment purchased on behalf of others.

Elite Material Co., Ltd.

STATEMENT OF ACCOUNT PAYABLES

December 31, 2024

(In Thousands of New Taiwan Dollars)

Suppliers	Description	Amount	Note
related-parties:			
Elite Electronic Material (Kunshan) Co., Ltd.		$ 29,997	
Elite Electronic Material (Zhongshan) Co., Ltd.		3,854	
Elite Electronic Material (Huangshi) Co., Ltd.		628,084	
EMD SPECIALTYMATERIALS, LLC		1,942	
Sub total		663,877	
Non-related-parties:			
A Company		584,890	
B Company		317,044	
C Company		302,752	
D Company		230,315	
Others		2,154,615	Those included in others individually dose not exceed 5% of the account balance.
Sub total		3,589,616	
Total		$ 4,253,493	

Elite Material Co., Ltd.

STATEMENT OF OTHER PAYABLES

December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Other payables	Payables for equipment	$ 78,152
	Payroll payables and bonuses payable	639,481
	Work in progress-outsourced payable	276,520
	Employees compensations payable	437,239
	Directors' compensations payable	69,778
	Pension expenses payable	22,252
	Other expenses payable	1,110,952
Total		**$ 2,634,374**

STATEMENT OF NET REVENUE

For the Year Ended December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Quantity	Amount	Note
Prepreg	17,642,288	$ 5,167,469	
Capper clad laminate	8,265,019	7,464,460	
Mass lam foundry	1,457,034	474,773	
Others		2,367,284	
		$ 15,473,986	

Elite Material Co., Ltd.

STATEMENT OF OPERATING COSTS

For the Year Ended December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Amount – Subtotal	Amount – Total
Materials, beginning of the year	$ 924,434	
Plus: Purchases	9,184,344	
Less: Material sold	(1,815,584)	
Materials, end of the year	(1,293,244)	
Transferred to manufacturing expenses	(107,103)	
Transferred to operating expenses	(44,677)	
Direct materials		6,848,170
Direct labor		535,978
Manufacturing expenses		2,057,011
Total Manufacturing costs		9,441,159
Plus: Work-in-process, beginning of the year	95,078	
Purchased work-in-process	75,165	
Less: Work-in-process, end of the year	(118,216)	
Transferred to manufacturing expenses	(54,390)	
Transferred to operating expenses	(237,910)	(240,273)
Cost of finished goods		9,200,886
Plus: Finished goods, beginning of the year	412,341	
Purchased finished goods	1,654,692	
Less: Finished goods, end of the year	(474,492)	
Transferred to manufacturing expenses	(11,914)	
Transferred to operating expenses	(97,265)	1,483,362
		10,684,248
Cost of goods sold－Material sold		1,815,584
Gains on inventory valuation and obsolescence		7,808
Revenue from sales of scraps		(71,090)
Costs of sales		**$ 12,436,550**

Elite Material Co., Ltd.

STATEMENT OF SELLING EXPENSES

For the Year Ended December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Commission expenses		$ 197,730	
Shipping expenses		72,947	
Payroll expenses		48,048	
Administrative expenses		51,337	
Other expenses		33,343	Those included in others individually dose not exceed 5% of the account balance.
Total		**$ 403,405**	

STATEMENT OF ADMINISTRATIVE EXPENSES

Item	Description	Amount	Note
Payroll expenses		$ 616,745	
Remuneration of directors		69,778	
Other expenses		230,745	Those included in others individually dose not exceed 5% of the account balance.
Total		**$ 917,268**	

Elite Material Co., Ltd.

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES

For the Year Ended December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Payroll expenses		$ 327,080	
Research and development expenses		208,283	
Other expenses		107,183	Those included in others individually dose not exceed 5% of the account balance.
Total		**$ 642,546**	