Stock Code: 6916

Winstar Display Co., Ltd. and Subsidiaries

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

Address: 2F., No. 43, Keya Road, Daya District, Taichung City

Tel: (04)25689987

Declaration of consolidation of financial statements of affiliates

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2024(From January 1, 2024 to December 31, 2024) are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Hereby declare

Company Name: Winstar Display Co., Ltd.

President: Yu-Pin Liao

March 11, 2025

Independent Auditors' Report

To the Board of Directors and Shareholders of Winstar Display Co., Ltd.:

Opinion

We have completed our audit of Winstar Display Co., Ltd. and its subsidiaries (collectively referred to as Winstar Group) Consolidated Balance Sheet for December 31, 2024 and 2023; and Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) for January 1 – December 31, 2024 and 2023.

In our opinion, the consolidated financial statements referred to above have been prepared, in all material respects, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards(IFRS), International Accounting Standards(IAS), IFRIC Interpretations(IFRIC) and SIC Interpretation(SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and fairly present the consolidated financial position of Winstar Group as of December 31, 2024 and 2023, and the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2024 and 2023.

Basis for Opinion

We have performed entrusted audit work in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. Our personnel subject to standards of independence have maintained detached independence from Winstar Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and have performed other responsibilities under that Norm. We believe that sufficient and appropriate audit evidence has been obtained to serve as a basis for expressing an audit opinion.

Key Audit Matter

Key audit matters refer to the most important matters for the audit of Winstar Group's 2024 consolidated financial statements based on our professional judgment. The matter was addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on the matter.

The key audit matter for the Group’s 2024 consolidated financial statements is stated as follows:

<u>Authenticity of revenue recognition from specific customers</u>

Winstar Group's operating revenue mainly comes from the production and sales of LCD modules and OLED display modules. The operating revenue in 2024 decreased from the previous year due to changes in market demand. As transaction amount of a specific customer is material to operating revenue as a whole, authenticity of revenue recognition for specific customers is listed as a key audit matter. Please refer to Note 4 to the financial statements for the relevant accounting policies for revenue recognition.

In response to this key audit matter, we perform the following audit procedures:

1. Understand and evaluate the effectiveness of the design and execution of internal control related to audit risks in the sales and collection cycle.
2. We select a sample of the operating revenue of specific customers, and review the relevant documents and payment vouchers for the operating revenue recognized to confirm the authenticity of the operating revenue recognized.

Other Matters

Winstar Display Co., Ltd. has prepared parent company only financial statements for 2024 and 2023, and the audit reports with unmodified opinions that we have issued are on file for reference.

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

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

When compiling the consolidated financial statements, management's responsibilities also include disclosing the evaluation of Winstar Group's ability to continue as a going concern and related matters, and the adoption of a going concern basis of accounting unless management intends to liquidate Winstar Group or to cease operations or there is no practical alternative to liquidation or closure.

The units charged with governance of Winstar Group (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards, we exercise professional judgment and skepticism throughout the audit. We also:

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

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit 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 internal control of Winstar Group.
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 ability of Winstar Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or circumstances may result in Winstar Group no longer having the ability to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of the constituent entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit 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 Winstar Group's 2024 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Chin Chiang and Ting-Chien Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2025

Winstar Display Co., Ltd. and Subsidiaries

Consolidated balance sheets

December 31, 2024and 2023

Unit: NT$ thousands

Code	Asset	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current asset				
1100	Cash and cash equivalents (Note 4 and 6)	$ 700,237	28	$ 854,430	37
1136	Financial assets at amortized cost - current (Note 4, 7 and 29)	94,966	4	79,382	4
1150	Notes receivable (Note 4, 9, 21 and 27)	2,348	-	2,300	-
1170	Trade receivables (Note 4, 9, 21 and 28)	238,945	10	206,323	9
1200	Other receivables	3,393	-	2,057	-
1220	Current tax assets (Note 4 and 23)	1,571	-	106	-
130X	Inventories (Note 4 and 10)	332,676	13	326,831	14
1470	Other current assets (Note 16)	52,962	2	45,037	2
11XX	Total current assets	1,427,098	57	1,516,466	66
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 4 and 8)	8,884	-	11,457	-
1535	Financial assets at amortized cost - non-current (Note 4, 7 and 29)	29,572	1	23,392	1
1550	Investments accounted for using the equity method (Note 4 and 12)	8,918	-	12,661	1
1600	Property, Plant and Equipment (Note 4, 13 and 29)	343,583	14	296,190	13
1755	Right-of-use assets (Note 4, 14, 28 and 29)	259,123	11	149,929	7
1760	Investment property (Note 4, 15 and 29)	82,979	3	83,259	4
1780	Intangible assets	8,940	1	1,112	-
1840	Deferred tax assets (Note 4 and 23)	80,428	3	79,157	3
1990	Other non-current assets (Note 16)	235,920	10	125,061	5
15XX	Total non-current assets	1,058,347	43	782,218	34
1XXX	Total assets	$ 2,485,445	100	$ 2,298,684	100

Code	Liabilities and Equity	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 17 and 29)	$ 371,875	15	$ 336,786	15
2130	Contract liabilities - current (Note 4, 21 and 28)	81,906	3	75,601	3
2150	Notes payable	12,950	1	11,422	1
2170	Trade payables (Note 27)	258,665	10	240,696	11
2200	Other payables (Note 18)	174,416	7	166,246	7
2230	Current tax liabilities (Note 4 and 23)	2,978	-	17,811	1
2280	Lease liabilities - current (Note 4, 14 and 28)	35,368	2	32,538	1
2320	Current portion of long-term borrowings (Note 17 and 29)	46,420	2	33,202	1
2399	Other current liabilities	4,824	-	5,449	-
21XX	Total current liabilities	989,402	40	919,751	40
	Non-current liabilities				
2540	Long-term borrowings (Note 17 and 29)	67,549	3	45,280	2
2570	Deferred tax liabilities (Note 4 and 23)	72,406	3	62,350	3
2580	Lease liabilities - non-current (Note 4, 14 and 28)	198,781	8	94,226	4
2640	Net defined benefit liabilities - non-current (Note 4 and 19)	9,120	-	11,255	-
25XX	Total non-current liabilities	347,856	14	213,111	9
2XXX	Total liabilities	1,337,258	54	1,132,862	49
	Equity attributable to owners of the parent company				
3110	Ordinary shares	675,000	27	675,000	30
3200	Capital surplus	186,295	8	186,294	8
	Retained earnings				
3310	Legal reserve	75,259	3	66,981	3
3320	Special reserve	16,229	1	4,444	-
3350	Unappropriated earnings	186,971	7	246,414	11
3400	Other equity	4,609	-	(16,229)	(1)
31XX	Total equity attributable to owners of the parent company	1,144,363	46	1,162,904	51
36XX	Non-controlling interests	3,824	-	2,918	-
3XXX	Total equity	1,148,187	46	1,165,822	51
	Total liabilities and equity	$ 2,485,445	100	$ 2,298,684	100

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

Winstar Display Co., Ltd. and Subsidiaries

Consolidated statements of comprehensive income

For the years ended December 31, 2024 and 2023

Unit: In thousands of New Taiwan Dollars,

except that Earnings Per Share are stated in NT$

		2024		2023	
Code		Amount	%	Amount	%
4000	Operating revenue (Note 4, 21 and 28)	$ 2,033,923	100	$ 2,229,230	100
5000	Operating costs (Note 10 and 22)	1,542,961	76	1,652,635	74
5950	Gross profit	490,962	24	576,595	26
	Operating expenses (Note 22)				
6100	Selling and marketing expenses	134,463	7	128,458	6
6200	General and Administrative expenses	219,975	11	205,542	9
6300	Research and Development expenses	145,944	7	118,794	5
6450	Expected credit loss (gain) (Note 4 and 9)	1,186	-	(2,805)	-
6000	Total operating expenses	501,568	25	449,989	20
6900	Profit from operations	(10,606)	(1)	126,606	6
	Non-operating income and expenses				
7010	Other income	14,527	1	12,284	1
7020	Other gains and (losses)	(1,350)	-	(4,324)	-
7050	Financial costs (Note 4, 22 and 28)	(15,231)	(1)	(13,007)	(1)
7060	Share of profit and loss of associates (Note 4 and 12)	(2,309)	-	72	-
7100	Interest income	21,754	1	9,182	-
7230	Net gain (loss) on foreign currency exchange (Note 22)	35,598	2	10,995	1
7000	Total non-operating income and expenses	52,989	3	15,202	1

(to be continued)

(continued)

Code		2024 Amount	%	2023 Amount	%
7900	Profit before income tax	$ 42,383	2	$ 141,808	7
7950	Income tax expense (Note 4 and 23)	10,448	-	60,777	3
8200	Net profit for the year	31,935	2	81,031	4
	Other comprehensive income(loss)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plan (Note 19)	1,751	-	2,466	-
8316	Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	(2,573)	-	1,261	-
8349	Income tax relating to items that will not be reclassified (Note 23)	(350)	-	(493)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange difference on translating foreign operations	29,328	1	(16,311)	(1)
8399	Income tax related to items that may be reclassified (Note 23)	(5,852)	-	3,261	-
8300	Other comprehensive income for the year, net of income tax	22,304	1	(9,816)	(1)
8500	Total comprehensive income for the year	$ 54,239	3	$ 71,215	3
8600	Net profit attributable to:				
8610	Owners of the company	$ 31,709	2	$ 80,809	4
8620	Non-controlling interests	226	-	222	-
		$ 31,935	2	$ 81,031	4
	Total comprehensive income attributable to:				
8710	Owners of the company	$ 53,948	3	$ 70,997	3
8720	Non-controlling interests	291	-	218	-
8700		$ 54,239	3	$ 71,215	3

(to be continued)

(continued)

Code		2024 Amount	2024 %	2023 Amount	2023 %
	Earnings per share (Note 24)				
9750	Basic	$ 0.47		$ 1.33	
9850	Diluted	$ 0.47		$ 1.33	

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

Winstar Display Co., Ltd. and Subsidiaries

Consolidated statements of changes in equity

For the years ended December 31, 2024 and 2023

Unit: NT$ thousands

Code		Equity attributable to owners of the parent company (Note 20)								Non-controlling interests	Total equity
				Retained earnings			Other equity				
		Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange difference on translating foreign operations	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	**Total**		
A1	Balance on January 1, 2023	$ 525,000	$ 66,078	$ 37,695	$ 3,526	$ 325,086	$ 1,196	($ 5,640)	$ 952,941	$ 2,103	$ 955,044
	Appropriation of 2022 earnings:										
B1	Legal reserve	-	-	29,286	-	(29,286)	-	-	-	-	-
B3	Special reserve	-	-	-	918	(918)	-	-	-	-	-
B5	Cash dividend	-	-	-	-	(56,250)	-	-	(56,250)	-	(56,250)
B9	Stock dividends to shareholders of the Company	75,000	-	-	-	(75,000)	-	-	-	-	-
D1	Net income for the year ended December 31, 2023	-	-	-	-	80,809	-	-	80,809	222	81,031
D3	Other comprehensive income for the year ended December 31, 2023	-	-	-	-	1,973	(13,046)	1,261	(9,812)	(4)	(9,816)
D5	Total comprehensive income for the year ended December 31, 2023	-	-	-	-	82,782	(13,046)	1,261	70,997	218	71,215
E1	Capital increase in cash	75,000	117,327	-	-	-	-	-	192,327	-	192,327
N1	Share-based Payment	-	2,889	-	-	-	-	-	2,889	597	3,486
Z1	Balance on December 31, 2023	675,000	186,294	66,981	4,444	246,414	(11,850)	(4,379)	1,162,904	2,918	1,165,822
	Appropriation of 2023 earnings:										
B1	Legal reserve	-	-	8,278	-	(8,278)	-	-	-	-	-
B3	Special reserve	-	-	-	11,785	(11,785)	-	-	-	-	-
B5	Cash dividend	-	-	-	-	(70,875)	-	-	(70,875)	-	(70,875)
C17	Other changes in capital surplus	-	1	-	-	-	-	-	1	-	1
D1	Net income for the year ended December 31, 2024	-	-	-	-	31,709	-	-	31,709	226	31,935
D3	Other comprehensive income for the year ended December 31, 2024	-	-	-	-	1,401	23,411	(2,573)	22,239	65	22,304
D5	Total comprehensive income for the year ended December 31, 2024	-	-	-	-	33,110	23,411	(2,573)	53,948	291	54,239
N1	Share-based Payment	-	-	-	-	-	-	-	-	615	615
C7	Changes in equity of associates and joint ventures accounted for using equity method (Note 12)	-	-	-	-	(1,615)	-	-	(1,615)	-	(1,615)
Z1	Balance on December 31, 2024	$ 675,000	$ 186,295	$ 75,259	$ 16,229	$ 186,971	$ 11,561	($ 6,952)	$ 1,144,363	$ 3,824	$ 1,148,187

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

Winstar Display Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

Unit: NT$ thousands

Code		2024	2023
	Cash flows from operating activities		
A10000	Income before tax for the year	$ 42,383	$ 141,808
A20000	Adjustment for:		
A20100	Depreciation expenses	114,343	104,393
A20200	Amortization expenses	2,398	1,064
A20300	Expected credit loss recognized (reversed) on trade receivables	1,186	(2,805)
A20900	Finance costs	15,231	13,007
A21200	Interest income	(21,754)	(9,182)
A21300	Dividend income	(55)	(55)
A21900	Compensation cost related to share-based payment	615	3,486
A22400	Share of profits of associates accounted for using equity method	2,309	(72)
A22500	Loss on disposal of property, plant and equipment	30	16
A23800	Inventory valuation losses	2,752	35,925
A24100	Unrealized net loss (gain) in foreign currency exchange	(2,119)	837
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(2)	12,217
A31150	Trade receivables	(14,077)	28,883
A31180	Other receivables	(1,059)	(1,151)
A31200	Inventory	990	207,509
A31240	Other current assets	(7,757)	13,724
A32130	Notes payable	1,069	(13,262)
A32150	Trade payables	1,467	(135,230)
A32180	Other payables	4,407	(37,453)
A32230	Other current liabilities	5,304	3,118
A32240	Net defined benefit liabilities	(384)	(317)
A33000	Cash generated from operations	147,277	366,460
A33100	Interest received	21,754	9,182
A33200	Dividend received	55	55
A33300	Interest paid	(11,871)	(11,362)
A33500	Income tax paid	(23,772)	(62,943)
AAAA	Net cash generated from operating activities	133,443	301,392

(to be continued)

(continued)

Code		2024	2023
	Cash flows from investing activities		
B00040	Payments for financial assets at amortized cost	($ 37,228)	($ 22,585)
B00050	Proceeds from disposal of financial assets at amortized cost	15,916	41,454
B02700	Payments for property, plant and equipment	(92,325)	(30,667)
B02800	Proceeds from disposal of property, plant and equipment	-	106
B03700	Increase in refundable deposits	(1,626)	(744)
B03800	Decrease in refundable deposits	1,999	3,992
B04500	Payments for intangible assets	(10,210)	(1,200)
B07100	Increase in prepayments for equipment	(134,613)	(37,850)
BBBB	Net cash used in investing activities	(258,087)	(47,494)
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	594,739	459,667
C00200	Repayments of short-term borrowings	(561,477)	(537,993)
C01600	Proceeds from long-term loans	71,000	63,000
C01700	Repayments of long-term borrowings	(35,513)	(72,978)
C04020	Repayments of the principal portion of lease liabilities	(39,882)	(31,113)
C04500	Dividends paid to owners of the company	(70,875)	(56,250)
C04600	Capital increase in cash	-	192,327
C09900	Other financing activities	1	-
CCCC	Net cash generated from (used in) financing activities	(42,007)	16,660
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	12,458	(7,277)
EEEE	Net increase (decrease) in cash and cash equivalents	(154,193)	263,281
E00100	Cash and cash equivalents at the beginning of the year	854,430	591,149
E00200	Cash and cash equivalents at the end of the year	$ 700,237	$ 854,430

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

Winstar Display Co., Ltd. and Subsidiaries

Notes to consolidated financial statements

For the years ended December 31, 2024 and 2023

(expressed in NTD thousands and foreign currency, unless stated otherwise)

1. History

Winstar Display Co., Ltd. (“the Company”) was established in June 1998. The main business items are the manufacturing, processing, and trading of various displays and modules.

The Company has been listed on the Taiwan Stock Exchange since December 5, 2023.

The consolidated financial statements are presented in the Company’s functional currency, New Taiwan dollars.

2. Date and procedures for approval of financial statements

The consolidated financial statements were approved by the Company’s board of directors on March 11, 2025.

3. Application of new, amended and revised standards and interpretations

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Company and its subsidiaries (collectively, the “Group”).

(2) IFRSs endorsed by the FSC for application starting from 2024

New, amended and revised standards and interpretations	Effective date of issuance per the International Accounting Standards Board (IASB) (Note 1)
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note2)

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

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

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

(3) New IFRSs in issue by IASB but not yet endorsed and issued into effect by the FSC

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

Note 1: Unless stated otherwise, the above New Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 "Presentation and Disclosure in Financial Statements"

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar

characteristics in the primary financial statements and in the notes. The Group labels items as“other” only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of significant accounting policies information

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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

Current assets include:

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

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting date, and
3. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

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

(4) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (the "subsidiaries"). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions or up to the effective dates of disposals. Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. When compiling the consolidated financial statements, all intra-group transactions, account balances, and gains and losses between subsidiaries have been eliminated in full. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Please refer to Note 11, Table 9 and Table 10 for detailed information on subsidiaries, percentage of ownership and main business.

(5) Foreign currencies

When each individual entity compiles financial statements, transactions in currencies other than the entity's functional currency (i.e., in foreign currency) shall be converted into the functional currency recorded at the exchange rate on the day of the transaction.

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

Foreign currency non-monetary items measured by fair value are translated at the exchange rate on the day when the fair value is determined, and any resulting exchange difference is listed as profit or loss for that year except when the change in fair value is recognized in other comprehensive income, in which case the resulting exchange difference is listed in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

When preparing consolidated financial statements, the assets and liabilities of foreign operations are translated into New Taiwan Dollars at the exchange rate on each balance sheet date (including subsidiaries and associates operating in countries or using currencies that differ from those of the Company). Income and expense items are translated at the current year average exchange rate, and the resulting exchange differences are listed in other comprehensive income, and are respectively attributed to owners of the Company owners and to non-controlling interest.

If the Group disposes of all interests related to a foreign operation, all of the accumulated exchange differences attributable to the owners of the Company related to the foreign operation will be reclassified to profit or loss.

(6) Inventories

Inventories include raw materials, work-in-progress, semi-finished products, and finished goods, which are measured at the lower of cost or net realizable value. The comparison of cost and net realizable value is based on individual items, except for inventories of the same category. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. Inventory cost is determined using the weighted-average method.

(7) Investments in Associates

An associate is an enterprise that the Group has significant influence over but is not a subsidiary.

The Group adopts the equity method for investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost, and the book value after acquisition will increase or decrease with the Group's share of the associate's profit or loss, other comprehensive income, and earnings distributions. In addition, changes in the equity of an associate are recognized based on the shareholding ratio.

The amount of the acquisition cost exceeding the net fair value share of the identifiable assets and liabilities of an associate to which the Group is entitled on the acquisition date is listed as goodwill, which is included in the book value of the investment and cannot be amortized. The excess of the share of the net fair value of the identifiable assets and liabilities of the associate over the acquisition cost is listed as current period profit or loss.

When the Group subscribes for additional new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in equity of associates and joint ventures accounted for using the equity method and investments accounted for using the equity method. If the Group's ownership interest is reduced due to the additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Profits and losses arising from upstream, downstream, and lateral transactions between the Group and associates shall be recognized in the consolidated financial statements only to the extent that they are not connected to the Group's rights and interests in the associate.

(8) Property, plant and equipment

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

Property, plant and equipment under construction is recognized at cost. Cost includes professional fees and borrowing costs eligible for capitalization. These assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Each material component of property, plant and equipment is depreciated separately on a straight-line basis over its useful life. The Group shall review estimated service life, residual value, and depreciation method at the end of each year at a minimum, and it shall defer the effect of changes in applicable accounting estimates.

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

(9) Investment property

Investment property is held for the purpose of earning rent or capital appreciation or both. Investment property also includes land held for which the future use has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Group adopts a straight-line basis for depreciation.

When investment property is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(10) Intangible assets

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

Upon derecognition of intangible assets, the difference between the net disposal price and the asset carrying amount is to be recognized in current year profit or loss.

(11) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets

The Group evaluates at each balance sheet date whether there is any evidence that impairment has occurred among property, plant and equipment, right-of-use assets, investment properties, and intangible assets. If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

(12) Financial instruments

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

On initial recognition of a financial asset or a financial liability, if the financial asset or financial liability is not measured at fair value through profit or loss, it is measured at fair value plus any transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial asset

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

1. Measurement category

The types of financial assets held by the Group are financial assets measured at amortized cost and investments in equity instruments measured at fair value through other comprehensive income.

(1) Financial assets at amortized cost

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

A. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

B. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After the original recognition of financial assets measured at cost after amortization (including cash and cash equivalents, notes receivable measured at amortized cost, accounts receivable, other receivables, and refundable deposits), these are measured at the amortized cost of the gross carrying amount determined using the effective interest method less any impairment losses, and any foreign currency exchange gains or losses are recognized in profit or loss.

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

A. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.
B. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset from the second reporting period after the impairment.

A financial asset is credit impaired when: there are significant financial difficulty of the issuer or borrower or a breach of contract; it is probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of an active market for a financial asset due to financial difficulties.

(2) Equity instruments at FVTOCI

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

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

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

2. Impairment of Financial assets

The Group measures the impairment loss based on expected credit losses ("ECLs") on financial assets at amortized cost (including trade receivables) on each balance sheet date.

The Group measures a loss allowance at an amount equal to lifetime ECLs on trade receivables. For other financial assets, the Group recognizes the loss allowance for 12 months ECLs if there has not been a significant increase in credit risk since initial recognition or recognizes the loss allowance for the lifetime ECLs if such credit risk has significant increased since initial recognition.

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

For internal credit risk management purposes, the Group determines, without regard to the collateral held, that a default on a financial asset has occurred in the following circumstances:

(1) There is internal or external information indicating that the debtor is incapable of paying off its debts.

(2) Overdue for more than 180 days, unless there is reasonable and corroborative information showing that the delayed default standard is more appropriate.

The impairment loss of all financial assets is based on the reduction of the book value of the contra account.

3. Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss is transferred directly to retained earnings, without recycling through profit or loss.

<u>Financial liability</u>

1. Subsequent measurement

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

2. Derecognition of financial liabilities

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

(13) Revenue recognition

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

For contracts in which the transfer of goods or services and the receipt of consideration are within one year, the transaction prices of the material finance components will not be adjusted.

Revenue from sale of goods

Revenue from sales of goods is recognized when the customer obtains control over the asset promised; that is, when the goods are delivered to the designated location and meet the performance obligations. Advance receipts from sales of goods are recognized as contract liabilities before the Group has met its performance obligations.

(14) Leases

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

The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If there is a change in the lease term, the Group remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(15) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of these assets, until the time when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

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

Except for the above, all other borrowing costs are recognized as profit or loss in the year in which they are incurred.

(16) Government Grants

Government subsidies related to income are recognized only when there is reasonable assurance that the Group will comply with the conditions attached to the government subsidies and that the subsidies will be received.

Government subsidies are recognized on a systematic basis in the period in which the related costs for which they are intended to be reimbursed are recognized as expenses by the Group.

Government subsidies are recognized in profit or loss in the period in which they become receivable if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Group and have no future related costs.

(17) Employee benefits

Short-term employee benefits

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

Post-employment benefits

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

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

Net defined benefit liabilities (assets) constitute shortfalls (surpluses) in defined benefit plan contributions. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(18) Share-based payment agreement

Employee stock warrants granted to employees

The fair value of equity instrument at the grant date of employee stock warrants is expensed on a straight-line basis over the vesting period, based on the Company’s best estimates of the number of shares that are expected to ultimately vest, with a corresponding adjustment to capital surplus - employee stock warrants. It is recognized as an expense in full at the grant date if vested immediately. The grant date is the date on which the Company confirms the number of employee shares and the subscription price reserved for employee shares as a capital increase in cash.

Employee stock options granted to employees of subsidiaries

Employee stock options granted by the Company to employees of a subsidiary in exchange for the Company's equity instruments are regarded as capital investment in the subsidiary. They are measured based on the fair value of the equity instrument on the grant date, and is recognized as an increase in the carrying amount of the investment in the subsidiary within the vesting period. Furthermore, there is a corresponding adjustment in capital reserve-employee stock options.

(19) Taxation

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

1. Income tax of the current year

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences. If a temporary difference arises due to the initial recognition of other assets and liabilities, and the transaction does not affect taxable income or accounting profit at that time, it shall not be recognized as deferred income tax assets and liabilities.

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

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

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

3. Current and deferred income tax for the year

Current year and deferred income taxes are recognized in profit or loss, with the exception that such items connected to items recognized in other comprehensive income or directly included in equity are to be respectively recognized in other comprehensive income or directly included in equity.

5. Material accounting judgments and key sources of estimation uncertainty

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

When developing material accounting estimates, the Group considers the possible impact of climate change and related government policies and regulations and the economic environment implications of the inflation and interest rate fluctuations volatility in and financial and energy and foreign currency markets its economic environment implications when making its material accounting estimates on the cash flow projection, growth rate, discount rate, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and petty cash	$ 612	$ 677
Checking accounts and demand deposits	689,725	606,698
Cash equivalents		
Time deposits with banks	9,900	247,055
	$ 700,237	$ 854,430
Annual interest rates (%)		
Demand deposits	0.00-1.45	0.00-1.45
Time deposits with banks	1.23	1.10-5.40

7. Financial assets at amortized cost

	December 31, 2024	December 31, 2023
Current		
Pledged time deposits	$ 66,229	$ 48,230
Time deposits with original maturity over three months	15,206	15,115
Restricted bank deposits	13,531	16,037
	$ 94,966	$ 79,382
Non-current		
Restricted bank deposits	$ 29,572	$ 23,392
Annual interest rates (%)		
Pledged time deposits	2.50-4.80	3.05-3.85
Time deposits with original maturity over three months	0.67	0.54-0.55
Restricted bank deposits	0.51-1.30	0.51-1.30

Please refer to Note 29 for information related to investments in financial assets at amortized cost pledged as security.

8. Financial assets at fair value through other comprehensive income -non-current

Investment in equity instruments	December 31, 2024	December 31, 2023
Domestic listed stocks	$ 8,884	$ 11,457

The Group invests in the above-mentioned corporate equity instruments for medium and long-term strategic purposes, and expects to make profits through long-term investments. Accordingly, the management elected to designate these investments as at financial assets at fair value through other comprehensive income as it believes that recognizing the short-term fluctuations of fair value in profit or loss would not be consistent with the Group's long-term investment strategy.

9. Notes receivable and accounts receivable, net

	December 31, 2024	December 31, 2023
Notes receivable		
At amortized cost		
Gross carrying amount	$ 2,348	$ 2,300
Less: Allowance for impairment loss	-	-
	$ 2,348	$ 2,300
Trade receivables		
At amortized cost		
Gross carrying amount	$ 240,355	$ 206,626
Less: Allowance for impairment loss	(1,410)	(303)
	$ 238,945	$ 206,323

(1) Notes receivable

The Group individually reviews the recoverable amount of the notes receivable at the balance sheet date to ensure that an appropriate impairment loss has been recorded for the notes receivable that cannot be recovered. If a note receivable is not cashed out at maturity, it is deemed to be overdue and the full amount of impairment loss is recognized. The aging of notes receivable was as follows:

	December 31, 2024	December 31, 2023
Not past due	$ 2,348	$ 2,300
Overdue	-	-
	$ 2,348	$ 2,300

(2) Trade receivables

The credit period for the Group's sales depends on the sales target, region and conditions. No interest is accrued on accounts receivable. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that unrecoverable receivables have been allocated to the appropriate impairment losses. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. Expected lifetime credit losses are calculated using a provision matrix that considers the customer's past default record and the current financial status and economic conditions in the industry, as well as simultaneously considering GDP forecasts and industry outlook. As the Group's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, the allowance matrix does not further divide the customer groups, and only sets the expected credit loss rate based on the number of days past due on accounts receivable.

If there is evidence that a counterparty is facing serious financial difficulties and the Group cannot reasonably expect a recoverable amount, the Group shall directly write off the relevant accounts receivable while still continuing to pursue recourse activities, and any recovered amount shall be recognized in profit or loss.

The Group measures allowances for uncollectable accounts of accounts receivable in accordance with the provision matrix as follows:

	Not past due	Overdue 1 to 60 days	Overdue 61 to 120 days	Overdue 121 to 180 days	Overdue over 181 days	Total
December 31, 2024						
Expected credit loss rate (%)	0.00-0.03	0.01-7.90	1.97-25.21	1.97-30.12	100	
Gross carrying amount	$ 201,635	$ 36,340	$ 850	$ 827	$ 703	$ 240,355
Loss allowance (Lifetime ECLs)	(45)	(299)	(163)	(200)	(703)	(1,410)
Amortized cost	$ 201,590	$ 36,041	$ 687	$ 627	$ -	$ 238,945

	Not past due	Overdue 1 to 60 days	Overdue 61 to 120 days	Overdue 121 to 180 days	Overdue over 181 days	Total
December 31, 2023						
Expected credit loss rate (%)	0.00-0.14	0.00-9.97	3.65-28.82	4.96-31.65	100	
Gross carrying amount	$ 172,894	$ 33,305	$ 34	$ 260	$ 133	$ 206,626
Loss allowance (Lifetime ECLs)	(40)	(110)	(5)	(15)	(133)	(303)
Amortized cost	$ 172,854	$ 33,195	$ 29	$ 245	$ -	$ 206,323

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

	2024	2023
Beginning balance	$ 303	$ 3,979
Impairment loss recognized (reversed)	1,186	(2,805)
Amounts written off	(88)	(860)
Effect of exchange rate changes	9	(11)
Ending balance	$ 1,410	$ 303

10. Inventory

	December 31, 2024	December 31, 2023
Raw materials	$ 108,121	$ 102,889
Work in progress	65,099	62,180
Semi-finished products	77,088	77,000
Finished good	75,809	81,760
Inventory in transit	6,559	3,002
	$ 332,676	$ 326,831

The nature of the cost of goods sold related to inventories is as follows:

	2024	2023
Cost of inventory sold	$ 1,516,741	$ 1,597,919
Inventory loss on scrap	15,829	35,925
Inventory valuation losses	2,752	-
Unamortized manufacturing overhead	7,639	18,791
	$ 1,542,961	$ 1,652,635

11. Subsidiaries

The entities included in these consolidated financial statements are as follows:

Investor	Subsidiary	Shares (equity) held (%) December 31, 2024	Shares (equity) held (%) December 31, 2023
The Company	RAYSTAR OPTRONICS, INC. (RAYSTAR)	100	100
	WINBEST TECHNOLOGY LLC (WINBEST)	100	100
	WINCAELUM GLOBAL (SAMOA) CO., LTD. (WINCAELUM)	100	100
	WINSTAR DISPLAY (WINSTAR USA)	90	90
	FAIRLINK GROUP LIMITED (FAIRLINK)	100	100
	Winstar Display GmbH (WINSTAR GER)	100	100
WINBEST	WINSTAR DISPLAY (CHANGSHU) CO., LTD (WINSTAR CHANGSHU)	100	100
FAIRLINK	VANSTAR TECHNOLOGY CO., LTD. (VANSTAR)	100	100
WINCAELUM	KENSTAR DISPLAY COMPANY LIMITED (KENSTAR)	100	100

In order to expand the European market, the Company invested and established WINSTAR GER in August 2023 with an investment of NTD 837 thousand (Euro 25 thousand).

Please refer to Tables 9 and 10 for the information on the main business items of the above-mentioned subsidiaries and the countries of incorporation of the companies.

12. Investments accounted for using the equity method

Investments in Associates	December 31, 2023 Amount	December 31, 2023 Shareholding (%)	December 31, 2022 Amount	December 31, 2022 Shareholding (%)
Non-listed company				
Midas Components Ltd. (MIDAS)	$ 8,918	39	$ 12,661	30

In June 2024, MIDAS repurchased treasury shares, resulting in an increase in the Company’s ownership percentage from 30% to 39%. This change in the equity of the investment led to an adjustment, reducing retained earnings by NTD 1,615 thousand.

Please refer to Table 9 for the information on the main business items of the above-mentioned associates and the countries of incorporation of the companies.

Investments under the equity method and the Group's share of profit or loss and other comprehensive income are recognized based on the financial statements audited by the accountant in the same period.

13. Property, plant and equipment

	December 31, 2024	December 31, 2023
Self-use	$ 343,583	$ 296,190

2024	Building	Leasehold improvements	Machinery Equipment	Office equipment	Other Equipment	Construction in progress	Total
Cost							
Beginning balance	$ 108,766	$ 211,360	$ 572,949	$ 34,648	$ 95,007	$ 3,187	$ 1,025,917
Additions	-	862	37,337	12,374	8,704	33,941	93,218
Disposals	-	-	(2,755)	(4,041)	(2,895)	-	(9,691)
Reclassifications	-	15,873	11,659	834	99	(3,187)	25,278
Effect of exchange rate changes	5,774	438	3,386	261	1,275	-	11,134
Ending balance	$ 114,540	$ 228,533	$ 622,576	$ 44,076	$ 102,190	$ 33,941	$ 1,145,856
Accumulated depreciation and impairment							
Beginning balance	$ 43,292	$ 146,319	$ 427,872	$ 30,329	$ 81,915	$ -	$ 729,727
Depreciation expenses	4,024	21,554	45,000	2,516	4,200	-	77,294
Disposals	-	-	(2,754)	(4,038)	(2,869)	-	(9,661)
Effect of exchange rate changes	2,004	22	1,882	177	828	-	4,913
Ending balance	$ 49,320	$ 167,895	$ 472,000	$ 28,984	$ 84,074	$ -	$ 802,273
Closing net amount	$ 65,220	$ 60,638	$ 150,576	$ 15,092	$ 18,116	$ 33,941	$ 343,583
2023							
Cost							
Beginning balance	$ 115,051	$ 200,905	$ 560,573	$ 34,213	$ 97,870	$ 300	$ 1,008,912
Additions	-	5,978	20,136	997	2,444	3,187	32,742
Disposals	(4,513)	(997)	(13,409)	(494)	(4,724)	-	(24,137)
Reclassifications	-	5,729	7,730	-	(130)	(300)	13,029
Effect of exchange rate changes	(1,772)	(255)	(2,081)	(68)	(453)	-	(4,629)
Ending balance	$ 108,766	$ 211,360	$ 572,949	$ 34,648	$ 95,007	$ 3,187	$ 1,025,917
Accumulated depreciation and impairment							
Beginning balance	$ 42,831	$ 128,410	$ 398,664	$ 29,243	$ 82,041	$ -	$ 681,189
Depreciation expenses	6,067	18,919	43,566	1,619	4,981	-	75,152
Disposals	(4,513)	(998)	(13,361)	(488)	(4,655)	-	(24,015)
Reclassifications	-	-	130	-	(130)	-	-
Effect of exchange rate changes	(1,093)	(12)	(1,127)	(45)	(322)	-	(2,599)
Ending balance	$ 43,292	$ 146,319	$ 427,872	$ 30,329	$ 81,915	$ -	$ 729,727
Closing net amount	$ 65,474	$ 65,041	$ 145,077	$ 4,319	$ 13,092	$ 3,187	$ 296,190

There was no recognition or reverse any impairment losses of the Group's in 2024 and 2023.

The Group's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Plants	20~40 years
Others	5~10 years
Leasehold improvements	2~10 years
Machinery Equipment	2~20 years
Office equipment	2~20 years
Other Equipment	2~20 years

Please refer to Note 29 for the amount of property, plant and equipment pledged to secure borrowings.

14. Lease arrangements

(1) Right-of-use assets

	December 31, 2024	December 31, 2023
Carrying Amount		
Land	$ 28,931	$ 28,649
Buildings	229,916	120,342
Transportation Equipment	276	938
	$ 259,123	$ 149,929

	2024	2023
Additions to right-of-use assets	$ 141,635	$ 45,630
Depreciation expenses for right-of-use assets		
Land	$ 1,033	$ 1,020
Buildings	35,074	27,064
Transportation Equipment	662	878
	$ 36,769	$ 28,962

Except for the above additions and depreciation expenses recognized, there was no material sublease or impairment of the Group's right-of-use assets in 2024 and 2023. Please refer to Note 29 for the amount of right of use assets pledged as collateral for borrowings.

(2) Lease liabilities

	December 31, 2024	December 31, 2023
Carrying Amount		
Current	$ 35,368	$ 32,538
Non-current	$ 198,781	$ 94,226

The discount rate (%) of lease liabilities is as follows:

	December 31, 2024	December 31, 2023
Land	2.65	2.20
Buildings	2.49-3.76	1.80-3.76
Transportation Equipment	2.81	2.81

(3) Important leasing activities and terms

In 2006, WINSTAR CHANGSHU acquired land use rights in a Taiwan-funded industrial park in Xinzhuang Town, Changshu City, Jiangsu Province, China, with a useful life of 45 years. In 2013, WINSTAR CHANGSHU acquired land use rights in Dalingshan Town, Dongguan City, Guangdong Province, China, with a useful life of 35 years. The purpose of the land is for the construction of production plants, offices, and employee dormitories. According to local laws and regulations, the company is entitled to the right to allocate, transfer, lease and mortgage the land use rights within the useful life.

KENSTAR acquired the right to use land in Bago, Yangon, Myanmar, in 2016 with a validity period of 30 years. The land purpose is for the construction of production plants, offices, and employee dormitories. Due to Myanmar's land policy restrictions, it was not possible to register the land in the name of KENSTAR. Therefore, the land use rights were registered in the name of a local employee, with whom a land registration contract was signed. The land use rights may not be bought, sold, transferred, or encumbered without consent.

The Group also leases certain land and buildings for plants and offices, with lease terms of 1 to 10 years. Upon termination of the lease terms, there are no preferential rights to purchase the leased property; and it is agreed that the subject of the lease, in whole or in part, may not be subleased or transferred without the consent of the lessor.

(4) Other lease information

	2024	2023
Expenses relating to short-term leases	$ 648	$ 744
Expenses relating to low-value asset leases	$ 259	$ 257
Total cash outflow for leases	$ 46,047	$ 34,649

The Group has elected to apply the recognition exemption for leases of buildings and office equipment that qualify as short-term leases and low-value asset leases, and does not recognize the related right-of-use assets and lease liabilities for these leases.

15. Investment properties

2024	Beginning balance	Increase	Ending balance
Cost			
Land	$ 79,346	$ -	$ 79,346
Buildings	5,589	-	5,589
	84,935	$ -	84,935
Accumulated depreciation			
Buildings	1,676	$ 280	1,956
	$ 83,259		$ 82,979

2023	Beginning balance	Increase	Ending balance
Cost			
Land	$ 79,346	$ -	$ 79,346
Buildings	5,589	-	5,589
	84,935	$ -	84,935
Accumulated depreciation			
Buildings	1,397	$ 279	1,676
	$ 83,538		$ 83,259

Except for depreciation expenses recognized, there were no material additions, disposals, or impairments of the Group's investment properties in 2024 and 2023.

The Company's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	20 years

In response to future operational expansion needs, the Company and a non-related party purchased land in Xiuya Section, Daya District, Taichung City in 2013. Since the acquired land was farmland, and due to legal restrictions the transfers could not be made under the name of the Company, the land was registered separately with the Company's Chairman Yu-Pin Liao and Director Yao-Wen Tsai and contracts have been signed with them; no rights may be transferred or established without the consent of the Company. The fair value of the investment property was not appraised by an independent appraiser but was determined by management of the Company reference to the most recent transaction prices of similar properties in the vicinity. The fair value of the investment property as of December 31, 2024 was determined to be NTD 122,123 thousand.

Please refer to Note 29 for the amount of investment property pledged as collateral for borrowings.

16. Other assets

	December 31, 2024	December 31, 2023
Current		
Prepaid expenses	$ 16,697	$ 12,838
Overpaid sales tax	15,584	12,333
Prepayment for purchase	7,760	10,018
Supplies inventory	7,192	5,932
Others	5,729	3,916
	$ 52,962	$ 45,037
Non-current		
Prepayments for equipment	$ 225,226	$ 113,900
Refundable deposits	9,329	9,629
Others	1,365	1,532
	$ 235,920	$ 125,061

17. Borrowings

(1) Short-term borrowings

	December 31, 2024	December 31, 2023
Secured borrowings	$ 371,875	$ 336,786
Annual interest rates (%)	2.22-3.80	2.09-5.17

The secured borrowings referred to above are secured by the Group's assets (see Note 29) and with senior management jointly and severally assuming liability.

(2) Long-term borrowings

	December 31, 2024	December 31, 2023
Secured borrowings	$ 113,969	$ 78,482
Less: Current portions	(46,420)	(33,202)
Long-term borrowings	$ 67,549	$ 45,280
Annual interest rates (%)	2.22-3.04	2.20-3.35
Maturity	114.7-118.6	113.1-117.5

The secured borrowings referred to above are secured by the Group's assets (see Note 29) and with senior management jointly and severally assuming liability.

The Company has entered into a credit agreement with Taipei Fubon Commercial Bank. According to the provisions of the credit agreement, the financial ratios that should be complied with in the annual consolidated financial statements during the credit period after drawdown are as follows:

1. Debt ratio (Total Liabilities/Total Equity) shall not be higher than 220%;
2. Debt service coverage ratio (EBITDA/Interest Expense) shall not be less than 5 times.

All financial ratio items of the Group are in compliance with the contractual requirements.

18. Other payables

	December 31, 2024	December 31, 2023
Salaries payable	$ 71,946	$ 72,053
Pension and insurance premiums payable	37,735	34,933
Equipments payable	6,884	5,991
Remuneration payable to employees and directors	3,400	9,186
Others	54,451	44,083
	$ 174,416	$ 166,246

19. Retirement benefit plans

(1) Defined contribution plan

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

Employees of subsidiaries in mainland China participate in social insurance plans managed and coordinated by local government agencies. The pension plan is a defined-contribution plan that pays the pension insurance premiums for the government-managed social insurance plan.

FAIRLINK, WINBEST, and WINCAELUM are holding companies and therefore do not have pension plans and systems in place.

KENSTAR, WINSTAR USA, and WINSTAR GER do not have pension plans and systems in place.

(2) Defined benefit plan

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

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

	December 31, 2024	December 31, 2023
Present value of defined benefit obligation	$ 19,994	$ 21,278
Fair value of plan assets	(10,874)	(10,023)
Net defined benefit liabilities	$ 9,120	$ 11,255

Movements in net defined benefit liabilities were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1, 2023	$ 23,339	($ 9,301)	$ 14,038
Interest expense (income)	350	(144)	206
Recognized in profit or loss	350	(144)	206
Remeasurement			
Return on plan assets (net of amount included in net interests)	-	(55)	(55)
Actuarial loss (gain)			
- changes in financial assumption	20	-	20
- experience adjustments	(2,431)	-	(2,431)
Recognized in other comprehensive income	(2,411)	(55)	(2,466)
Contributions from employer	-	(523)	(523)
December 31, 2023	21,278	(10,023)	11,255
Interest expense (income)	266	(129)	137
Recognized in profit or loss	266	(129)	137
Remeasurement			
Return on plan assets (net of amount included in net interests)	-	(865)	(865)
Actuarial gain			
- changes in financial assumption	(511)	-	(511)
- experience adjustments	(375)	-	(375)
Recognized in other comprehensive income	(886)	(865)	(1,751)
Contributions from employer	-	(521)	(521)
Benefits paid	(664)	664	-
December 31, 2024	$ 19,994	($ 10,874)	$ 9,120

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

1. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for

a 2-year time deposit with local banks.

2. Interest rate risk: A decrease in government bond and corporate bond interest rates would increase the present value of defined benefit obligations, while the return on debt investments of plan assets would also increase accordingly and the impact of these two factors on net defined benefit liabilities would have a partial offsetting effect.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions on the valuation date were as follows:

	December 31, 2024	December 31, 2023
Discount rate	1.50%	1.25%
Expected growth rate of salary	3.25%	3.25%

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

	December 31, 2024	December 31, 2023
Discount rate		
0.25% increase	($ 495)	($ 527)
0.25% decrease	$ 511	$ 546
Expected growth rate of salary		
0.25% increase	$ 494	$ 524
0.25% decrease	($ 481)	($ 509)

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

	December 31, 2024	December 31, 2023
The expected contributions to the plan for the next year	$ 523	$ 540
The average duration of the defined benefit obligation	10.1 years	10 years

20. Equity

(1) Ordinary shares

	December 31, 2024	December 31, 2023
Number of shares authorized (in thousand)	80,000	80,000
Shares authorized	$ 800,000	$ 800,000
Number of shares issued and fully paid (in thousand)	67,500	67,500
Shares issued	$ 675,000	$ 675,000

In May 2023, the Company's General Meeting of Shareholders resolved to distribute 7,500 thousand shares as stock dividends. By resolution of the Board of Directors, July 7, 2023 was designated as the ex-rights record date, and effective registration was approved by the Securities and Futures Bureau of the Financial Supervisory Commission in June 2023.

In September 2023, the Company's Board of Directors decided to undertake a cash capital increase by issuing 7,500 thousand new shares with par value of NTD 10 per share before the initial listing of the stock. Effective registration was approved by the Taiwan Stock Exchange as of October 2023, with December 1, 2023 set as the record date for capital increase. The aforementioned cash capital increase was issued at a premium at NTD 26.84 per share through a weighted average price at competitive auction, and the offering price through public subscription was NTD 24 per share. The full share payment was collected in December 2023 and the amount after deducting relevant underwriting expenses was NTD 192,327 thousand.

In response to the aforementioned cash capital increases in 2023, the Company reserves 10% of the total amount of new shares issued for subscription by employees in accordance with provisions of the Company Act. Grant recipients include employees of the Company and of subsidiaries who meet specific conditions, who can exercise the shares in accordance with the regulations governing the subscription of shares. On the dates when the numbers of shares subscribed by employees and the prices were determined, 636 thousand shares (grant date of November 21, 2023) were granted. For employees giving up their portions of share subscriptions, the Company’s Chairman was authorized to contact designated individuals for subscription.

Based on the Black-Scholes valuation model, the fair value of each stock option was NTD 4.54. In 2023, the employee remuneration costs were recognized at NTD 2,889 thousand.

Parameters used in the valuation model are as follows:

	November, 2023
Fair value per share on the grant date	NTD 28.54
Exercise price	NTD 24
Expected volatility	27.30%
Projected time to maturity	7 days
Risk-free rate	0.94%

Projected volatility is the average annualized standard deviation of the Company's daily rate of return for the most recent six months prior to the payment due to its peers.

(2) Capital surplus

	December 31, 2024	December 31, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital(Note 1)		
Stock premium for common shares	$ 152,938	$ 152,938
Arising from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	22,112	22,112
Arising from treasury share transactions	11,244	11,244
May only be used to offset a deficit		
Gain on the exercise of the disgorgement	1	-
	$ 186,295	$ 186,294

Note 1: Such capital reserves can be used to make up for losses, and can also be used for issuance of cash dividends or transfers of share capital when the Company has no losses. However, transfers of share capital are limited to a certain percentage of paid-in share capital each year.

(3) Retained earnings and dividend policy

In accordance with the dividend policy stipulated by the Company's Articles of Incorporation, if there is a surplus in the annual final accounts, taxes should first be paid and accumulated losses covered. Thereupon, another 10% should be set aside as legal reserve. However, this does not apply when legal has reached the amount of paid-in capital. The remainder shall be set aside or reversed as special reserve in accordance with laws and regulations. If there is any remaining balance, then it shall be combined with cumulative Unappropriated earnings and an earnings distribution proposal drafted by the Board of Directors for submission to the shareholders' meeting for resolution on the distribution of shareholder dividends.

The Company's dividend policy adopts the principle of stability and balance, and takes into account factors such as profitability, financial structure, and future development. The Company appropriates 10% to 90% of the distributable earnings of the current year as dividends, of which cash dividends shall not be less than 10% of the total dividend. If the dividend per share is less than NTD 0.1, the Board of Directors may propose to withhold the distribution, and the resolution will be submitted to the shareholders' meeting.

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

Items referred to under Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2023 and 2022 were approved in the shareholders' meetings in May 2024 and May 2023, respectively, were as follows:

	2023	2022
Legal reserve	$ 8,278	$ 29,286
Special reserve	11,785	918
Cash dividends	70,875	56,250
Stock dividends	-	75,000
Cash dividends per share (NTD)	1.05	1.071428
Stock dividends per share (NTD)	-	1.428571

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

	2024
Legal reserve	$ 3,311
Special reserve	(12,703)
Cash dividends	18,900
Cash dividends per share (NTD)	0.28

The appropriation of earnings for 2024 are subject to the resolution of the shareholders in their meeting to be held in June 2025.

(4) Special reserve

When the Company initially adopted IFRS accounting standards, the amount of NTD 3,526 thousand transferred from accumulated translation adjustments to retained earnings was set aside as a special reserve of the same amount. When the relevant assets are subsequently used, disposed of, or reclassified, the assigned surplus must be reversed in proportion to the original provision for special reserve.

21. Revenue

	2024	2023
Revenue from contracts with customers		
Revenue from sale of goods	$ 2,033,923	$ 2,229,230

	December 31, 2024	December 31, 2023	January 1, 2023
Contract balance			
Notes and accounts receivable (Note 9)	$ 241,293	$ 208,623	$ 264,969

	December 31, 2024		December 31, 2023		January 1, 2023	
Contract liabilities						
Sales of goods	$	43,828	$	37,523	$	59,726
Others		38,078		38,078		15,803
	$	81,906	$	75,601	$	75,529

The change in contract liabilities mainly comes from the difference between the time when performance obligations are met and the time when customers make payment. The recognized revenue amounts from contract liabilities at the beginning of the year in 2024 and 2023 were NTD 28,825 thousand and NTD 52,133 thousand, respectively.

Please refer to Note 34 for the breakdown of revenue.

22. Comprehensive income for the year

(1) Employee benefits, depreciation, and amortization expenses

Nature	Recognized in operating costs		Recognized in operating expenses		Total	
2024						
Employee benefit expenses						
Salaries	$	188,478	$	276,912	$	465,390
Post-employment benefits						
Defined contribution plan		11,478		14,519		25,997
Defined benefit plan		-		137		137
Share-based Payment						
Equity delivery		-		615		615
Others employee benefits		35,874		43,874		79,748
Depreciation expenses		95,455		18,888		114,343
Amortization expenses		77		2,321		2,398
2023						
Employee benefit expenses						
Salaries	$	161,738	$	259,833	$	421,571
Post-employment benefits						
Defined contribution plan		9,729		9,364		19,093
Defined benefit plan		-		206		206
Share-based Payment						
Equity delivery		-		3,486		3,486
Others employee benefits		29,291		35,413		64,704
Depreciation expenses		88,633		15,760		104,393
Amortization expenses		314		750		1,064

(2) Employees’ remuneration and directors’ remuneration

In accordance with the Articles of Incorporation, the Company allocates no less than 1% and no more than 5% of the profits before tax of the current year as the remuneration of employees and the remuneration of directors, respectively. For estimated employee remuneration and director remuneration for 2024 and 2023, the Board of Directors' resolutions in March 2025 and March 2024 were as follows:

	2024		2023	
Cash	Estimated proportions	Amount	Estimated proportions	Amount
Employees' remuneration	4.93%	$ 1,900	3.33%	$ 4,186
Directors' remuneration	3.89%	1,500	3.98%	5,000

If there are any further changes in the amounts after the publication of the annual consolidated financial statements, then they will be treated as changes in accounting estimates and adjusted and recorded in the following year.

There was no difference between the actual amounts of employees' remuneration and directors' remuneration paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

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

(3) Finance costs

	2024	2023
Interest on bank loans	$ 11,560	$ 11,631
Interest on lease liabilities	5,258	2,535
Less: Amounts included in the cost of qualifying assets	(1,587)	(1,159)
	$ 15,231	$ 13,007

Information on interest capitalization is as follows:

	2024	2023
Amount of capitalized interest	$ 1,587	$ 1,159
Interest capitalization rate (%)	1.10-3.43	1.39-3.74

(4) Foreign exchange gain or loss

	2024	2023
Gross gains on foreign exchange	$ 95,460	$ 46,339
Gross losses on foreign exchange	(59,862)	(35,344)
Net profit	$ 35,598	$ 10,995

23. Taxation

(1) Major components of income tax recognized in profit or loss are as follows:：

	2024	2023
Current income tax		
In respect of the current year	$ 9,229	$ 32,225
Income tax on unappropriated earnings	-	6,258
Adjustment for prior year	(1,928)	2,565
	7,301	41,048
Deferred tax		
In respect of the current year	3,205	20,539
Adjustment for prior year	(58)	(810)
	3,147	19,729
Income tax recognized in profit or loss	$ 10,448	$ 60,777

A reconciliation of accounting profit and income tax recognized in profit or loss is as follows:

	2024	2023
Income tax expense calculated at the statutory rate	$ 10,317	$ 34,865
Nondeductible expenses in determining taxable income	1,508	5,339
Tax-exempt income	(29)	(426)
Unrecognized loss carryforwards	4,744	15,126
Income tax on unappropriated earnings	-	6,258
Investment credits used in the current year	(4,106)	(2,140)
Adjustment in the current year for income tax of prior years	(1,986)	1,755
Income tax recognized in profit or loss	$ 10,448	$ 60,777

(2) Changes in deferred tax assets and liabilities

2024	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	Ending balance
Deferred tax assets					
Temporary differences					
Investments accounted for using the equity method	$ 31,725	$ 3,743	$ -	$ -	$ 35,468
Inventory valuation losses	13,539	(195)	-	207	13,551
Impairment loss on property, plant and equipment	11,206	-	-	-	11,206
Other payables	7,806	378	-	312	8,496
Others	8,053	(2,869)	(350)	45	4,879
	72,329	1,057	(350)	564	73,600
Loss carryforwards	6,828	-	-	-	6,828
	$ 79,157	$ 1,057	($ 350)	$ 564	$ 80,428

(to be continued)

(continued)

2024	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	Ending balance
Deferred tax liabilities					
Temporary differences					
Investments accounted for using the equity method	$ 62,350	$ 5,865	$ -	$ -	$ 68,215
Others	-	(1,661)	5,852	-	4,191
	$ 62,350	$ 4,204	$ 5,852	$ -	$ 72,406

2023	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	Ending balance
Deferred tax assets					
Temporary differences					
Investments accounted for using the equity method	$ 22,171	$ 9,554	$ -	$ -	$ 31,725
Inventory valuation losses	12,090	1,606	-	(157)	13,539
Impairment loss on property, plant and equipment	11,206	-	-	-	11,206
Other payables	9,200	(1,142)	-	(252)	7,806
Others	5,761	(444)	2,768	(32)	8,053
	60,428	9,574	2,768	(441)	72,329
Loss carryforwards	7,148	(320)	-	-	6,828
	$ 67,576	$ 9,254	$ 2,768	($ 441)	$ 79,157
Deferred tax liabilities					
Temporary differences					
Investments accounted for using the equity method	$ 31,944	$ 30,406	$ -	$ -	$ 62,350
Others	1,423	(1,423)	-	-	-
	$ 33,367	$ 28,983	$ -	$ -	$ 62,350

(3) Unused loss carryforwards of deferred income tax assets not recognized in the consolidated balance sheets

	December 31, 2024	December 31, 2023
Loss carryforwards		
Expiring in 2030	$ 73,024	$ 73,024
Expiring in 2033	56,433	56,433
Expiring in 2034	11,950	-
	$ 141,407	$ 129,457

(4) Information on unused loss carryforwards

As of December 31, 2024, information on loss carryforwards is as follows:

Unused balance	Expiry year
$ 31,154	2029
76,010	2030
56,433	2033
11,950	2034
$ 175,547	

(5) Income tax assessments

Income tax returns of the Company, and RAYSTAR of the Group's subsidiaries located in Taiwan through 2022 have been assessed by the tax authorities.

24. Earnings per share

	Net profit	Number of shares (in thousand shares)	Earnings per share (NTD)
2024			
Basic earnings per share			
Net profit attributable to owners of the parent company	$ 31,709	67,500	$ 0.47
Effect of potentially dilutive ordinary shares			
Employees' remuneration	-	108	
Diluted earnings per share			
Profit for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 31,709	67,608	$ 0.47
2023			
Basic earnings per share			
Net profit attributable to owners of the parent company	$ 80,809	60,616	$ 1.33
Effect of potentially dilutive ordinary shares			
Employees' remuneration	-	199	
Diluted earnings per share			
Profit for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 80,809	60,815	$ 1.33

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonus will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. Cash flow information

(1) Non-cash transactions

In addition to disclosures made in other notes, the Group conducted the following non-cash investment and financing activities in 2024 and 2023:

Cash paid by the Group for the purchase of property, plant and equipment in 2024 and 2023, respectively, was as follows:

	2024	2023
Increase in property, plant and equipment	$ 93,218	$ 32,742
Net change in equipment payable	(893)	(2,075)
Amount of cash paid	$ 92,325	$ 30,667

(2) Changes in liabilities from financing activities

			Non-cash changes			
2024	Beginning balance	Cash flows from	New leases	Changes in foreign exchange rates	Finance costs	Ending balance
Short-term borrowings	$ 336,786	$ 33,262	$ -	$ 1,827	$ -	$ 371,875
Long-term borrowings	78,482	35,487	-	-	-	113,969
Lease liabilities	126,764	(39,882)	141,635	374	5,258	234,149
	$ 542,032	$ 28,867	$ 141,635	$ 2,201	$ 5,258	$ 719,993
2023						
Short-term borrowings	$ 417,174	($ 78,326)	$ -	($ 2,062)	$ -	$ 336,786
Long-term borrowings	88,460	(9,978)	-	-	-	78,482
Lease liabilities	109,522	(31,113)	45,630	190	2,535	126,764
	$ 615,156	($ 119,417)	$ 45,630	($ 1,872)	$ 2,535	$ 542,032

26. Capital management

The Group conducts capital management to ensure that each company in the Group can continue to operate and maximize shareholder returns by optimizing the balance of debt and equity.

The capital structure of the Group consists of the net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., ordinary share capital, capital reserves, retained earnings, and total other equity interest) of the Group.

The senior management of the Group regularly re-examines the capital structure of the Group, including consideration of the cost of each type of capital and the associated risk. Based on recommendations of the key management, the Group may balance its overall capital structure by the means of dividend payment, issuance of new shares, shares buyback, issuance of new debts or repayment of existing debts.

27. Financial instruments

(1) Information on fair value

1. Financial instruments measured at fair value - Financial instruments measured at fair value on a recurring basis

Fair value hierarchy

The following table provides an analysis of the financial instruments measured at fair value after initial recognition. The measurement is based on the extent to which the fair value is observable, and is divided into Levels 1 to 3.

Fair value hierarchy	Level 1	Level 2	Level 3	Total
December 31, 2024				
Financial assets at fair value through other comprehensive income				
Domestic listed stocks	$ 8,884	$ -	$ -	$ 8,884
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Domestic listed stocks	$ 11,457	$ -	$ -	$ 11,457

The Group made no transfers between Level 1 and Level 2 measurements at fair value in 2024 and 2023.

2. Financial instruments not measured at fair value

The fair value of financial assets and financial liabilities is determined by the following means:

(1) For total investment in financial instruments such as cash and cash equivalents, financial assets measured at amortized cost, notes receivable and payable, other receivables, refundable deposits, short-term borrowings, other payables, and refundable deposits where date of expiration or future payment price is similar to the carrying amount, the carrying amount on the consolidated balance sheet date is used to estimate the fair value.

(2) The fair value of long-term borrowings (including maturities within one year) is estimated based on the discounted value of their future cash flows. The Group 's long-term borrowings are at floating interest rates, and the carrying value constitutes the fair value.

(2) Categories of financial instruments

	December 31, 2024	December 31, 2023
Financial asset		
At amortized cost (Note 1)	$ 1,078,790	$ 1,177,513
Financial assets at fair value through other comprehensive income	8,884	11,457
Financial liability		
At amortized cost (Note 2)	931,875	833,632

Note 1: Balances include financial assets measured at cost after amortization such as cash and cash equivalents, financial assets measured at cost after amortization, notes receivable and accounts receivable, other receivables, and refundable deposits.

Note 2: Balances constitute measured at amortized cost including short-term borrowings, notes payable, trade payable, other payables, and long-term borrowings.

(3) Financial risk management objectives and policies

The Group's primary financial instruments include cash and cash equivalents, equity investments, accounts receivable, trade payable, borrowings, and lease liabilities. The Financial Management Department of the Group provides services for each business unit, coordinates domestic and international financial market operations, and monitors and manages financial risks related to the operations of the Group by analyzing internal risk reports according to the degree and breadth of the risk. Such risks include market risk, credit risk, and liquidity risk.

1. Market risk

The main financial risks borne by the Group due to its operating activities are the risk from foreign currency exchange rate change and interest rate change risk.

There has been no change to the Group's exposure to market risks and the management and measurement of such exposures.

(1) Foreign currency risk

The Group engages in sales and purchase transactions denominated in foreign currencies, resulting in exchange rate risk.

The carrying amounts of the Group’s monetary assets and monetary liabilities denominated in nonfunctional currencies (including the monetary items denominated in nonfunctional currencies eliminated in the consolidated financial statements) on the balance sheet date are provided in Note 32.

Sensitivity analysis

The Group was mainly exposed to the risk of exchange rate fluctuation of the US Dollar.

The following table shows a sensitivity analysis of the Group when the exchange rate of the functional currency changes by 1% against each relevant foreign currency. 1% is the sensitivity ratio used by the Group to report exchange rate risk to senior management, and also represents the management's assessment of the reasonable possible range of changes in foreign currency exchange rate. The sensitivity analysis includes only the outstanding monetary items in foreign currencies, and the translation at the end of the year is adjusted based on a 1% change in exchange rates. The positive numbers in the table below represent the amounts that would increase net profit before tax when the functional currency appreciates by 1% relative to each relevant currency; when the functional currency depreciates by 1% against each relevant foreign currency, its impact on net profit before tax will be a negative number of the same amount. The impact of exchange rate changes on profit and loss is as follows:

Currency type	2024	2023
USD	$ 6,820	$ 6,253

Management believes that the sensitivity analysis cannot represent the inherent risk of exchange rates, as the exposure to the foreign currency risk at the balance sheet date cannot reflect the risk exposure during the year. The Group's increased sensitivity to exchange rate fluctuations this year was primarily due to a rise in accounts receivable denominated in US dollars.

(2) Interest rate risk

The Group's interest rate risk mainly arises from fixed and floating interest rate bank deposits, cash equivalents, financial assets measured at cost after amortization, bank loans, and lease liabilities, which generate interest rate exposure.

The carrying amounts of the Group’s financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2024	December 31, 2023
Fair value interest rate risk		
Financial asset	$ 79,179	$ 296,794
Financial liability	234,149	126,764
Cash flow interest rate risk		
Financial asset	718,863	643,689
Financial liability	485,844	415,268

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of the non-derivative instruments at the balance sheet date. The rate of change used in the Group's internal reporting of interest rates to senior management is 25 basis points, which also represents management's assessment of the reasonably possible range of interest rates.

If interest rates had changed, and all other variables remained unchanged, the Group's net profit before tax for 2024 and 2023 would have changed by NTD 583 thousand and NTD 571 thousand, respectively.

2. Credit risk

Credit risk refers to the risk that a counterparty defaults in its contractual obligations and causes financial losses to the Group. As of the balance sheet date, the maximum credit risk exposures of the Group that may cause financial losses due to the performance failure of the counterparty and the financial guarantee provided by the Group are mainly derived from the book value of financial assets recognized in the consolidated balance sheet.

The Group uses other publicly available financial information and mutual transaction records to rate major customers, continuously monitors credit risk exposure and the credit ratings of counterparties, and distributes the total transaction amount among customers with qualified credit ratings. Credit risk is controlled through the counterparty's credit limits that are reviewed and approved by the management each year.

3. Liquidity risk

The Group has established an appropriate liquidity risk management framework in order to respond to the needs for funding and liquidity management in the short, medium and long term. The Group manages liquidity risk by maintaining bank financing facilities, continuously monitoring expected and actual cash flows, and matching the maturities of financial assets and liabilities. As of December 31, 2024 and 2023, the unused bank facilities of the Group totaled NTD 471,177 thousand and NTD 402,696 thousand, respectively.

The following liquidity and interest rate risk tables illustrate the remaining contractual maturities of the Group's non-derivative financial liabilities with agreed repayment periods. The tables are based on the earliest possible dates on which the Group may be required to repay and are prepared based on the undiscounted cash flows of financial liabilities, which includes cash flows of interest and principal.

Non derivative financial liabilities	Within 3 months	3 months~1 year	1~5 years	5~10 years
December 31, 2024				
Non-interest bearing liabilities	$ 446,031	$ -	$ -	$ -
Lease liabilities	11,499	34,064	147,597	77,274
Floating rate instruments	18,164	400,131	67,549	-
	$ 475,694	$ 434,195	$ 215,146	$ 77,274
December 31, 2023				
Non-interest bearing liabilities	$ 418,364	$ -	$ -	$ -
Lease liabilities	8,254	24,311	100,044	-
Floating rate instruments	48,925	321,063	45,280	-
	$ 475,543	$ 345,374	$ 145,324	$ -

(4) Transfers of financial assets

In 2024 and 2023, the Group transferred some of the bank's acceptance receivables that are not receivable by banks with higher credit ratings in mainland China to the supplier for payment amounts of NTD 3,918 thousand and NTD 3,620 thousand, respectively. According to the contract, if the bank's acceptance receivable cannot be collected upon expiry, the transferee has the right to request the Group to pay the outstanding balance. Therefore, the Group did not transfer the material risk and return of the bank acceptance receivable, and the Group continued to recognize the bank acceptance receivable.

As of December 31, 2024 and 2023, the carrying amounts of transferred bank acceptance notes receivable that had not been derecognized were NTD 238 thousand and NTD 1,093 thousand, respectively; and the carrying amounts of relevant liabilities were NTD 238 thousand and NTD 1,093 thousand, respectively.

In 2024 and 2023, the Group endorsed and transferred some of the bank acceptance notes receivable accepted by banks with higher credit ratings in mainland China to suppliers to pay trade payable. As substantially all the risks and rewards of these notes have been transferred, the Group excludes the transferred bank acceptance notes receivable and corresponding trade payable. However, if the bank acceptances that have been derecognized are not cashed when they are due, the supplier still has the right to require the Group to pay off, so the Group continues to participate in these notes.

The maximum loss exposure amount for the Group's continued participation in the delisted bank acceptance notes is the face amount of the bank acceptance notes that have been transferred but have not yet matured. As of December 31, 2024 and December 31, 2023, they were NTD 1,492 thousand and NTD 393 thousand, respectively. The respective notes will mature within 1 to 4 months and within 2 months after the balance sheet dates. Considering the credit risk of the derecognized bank acceptances, the Group has assessed that the fair value of its continuing participation is not material.

In 2024 and 2023, the Group did not recognize any gain or loss on the transfer of bank acceptances receivable, and no profit or loss has been recognized during the current year and accumulated by these notes from their continued participation.

28. Transactions with related parties

Consolidated transactions, account balances, income, and expenses have been eliminated upon consolidation and are not disclosed in these Notes. In addition to those disclosed in other Notes, transactions with other related parties are as follows:

(1) Related parties and relationship

Related parties	Relationship with the Group
MIDAS	Associate
Yu-Pin Liao	Senior management (Chairman)
Yao-Wen Tsai	Senior management (directors)
Szu-Chun Sung	Senior management (directors)
I-Feng Liao	Other related parties (first-degree relatives of the Chairman)

(2) Operating revenue

Related parties category/name	2024	2023
Associate		
MIDAS	$ 12,684	$ 22,807

The finished products sold by the Group to associates are individually priced based on product differences and market conditions.

(3) Accounts receivable, net

Related parties category/name	December 31, 2024	December 31, 2023
Associate		
MIDAS	$ 1,458	$ 1,696

The allowance for uncollectable accounts for accounts receivable outstanding is measured according to the provision matrix.

(4) Contract liabilities

Related parties category/name	December 31, 2024	December 31, 2023
Associate		
MIDAS	$ 621	$ 621

(5) Lease agreements

Related parties category/name	2024	2023
Acquisition of right-of-use assets		
Other related parties		
I-Feng Liao	$ -	$ 149

Financial Statement Account	Related parties category/name	December 31, 2024	December 31, 2023
Lease liabilities	Other related parties		
	I-Feng Liao	$ 12	$ 83

Related parties category/name	2024	2023
Finance costs		
Other related parties		
I-Feng Liao	$ 1	$ 3

This is primarily for warehouse rental. The rent is negotiated by both parties with reference to the neighboring market prices and the leased area.

(6) Acquisition of endorsements/guarantees

Related parties	December 31, 2024	December 31, 2023
Yu-Pin Liao, Yao-Wen Tsai and Szu-Chun Sung		
Guaranteed amounts	$ 4,480	$ 8,638
Actual Amount Borrowed	$ 4,480	$ 8,638
Yu-Pin Liao and Yao-Wen Tsai		
Guaranteed amounts	$ 134,861	$ 214,028
Actual Amount Borrowed	$ 74,861	$ 94,027
Yu-Pin Liao		
Guaranteed amounts	$ 768,968	$ 509,559
Actual Amount Borrowed	$ 406,503	$ 312,603

The Group's borrowings are jointly and severally guaranteed by the above-mentioned senior management personnel.

(7) Remuneration of senior management

	2024	2023
Short-term employee benefits	$ 23,424	$ 37,717
Post-employment benefits	771	778
Share-based Payment	-	138
	$ 24,195	$ 38,633

The remuneration to directors and other senior management is determined based on individual performance and market trends.

29. Assets pledged as collateral or for security

The following assets have been provided as collateral for the Group's borrowings and bank acceptances:

	December 31, 2024	December 31, 2023
Financial assets at amortized cost	$ 109,332	$ 87,659
Investment property	82,979	83,259
Right-of-use assets	21,584	21,632
Property, plant and equipment	16,416	17,896
	$ 230,311	$ 210,446

30. Other material matters and unrecognized commitments

The Group's unrecognized commitments are as follows:

	December 31, 2024	December 31, 2023
Acquisition of property, plant and equipment, and software service contracts	$ 229,534	$ 71,176

31. Significant Events after reporting period

Due to operational considerations, WINSTAR (CHANGSHU) terminated in advance the factory lease agreement previously executed with Suzhou Penguin King Apparel Co., Ltd., effective January 2025. Negotiations concerning the termination are still ongoing. As of the date of the audit report, the consolidated group is unable to reasonably estimate any potential liabilities or losses that may arise from the contractual breach.

32. Significant assets and liabilities denominated in foreign currencies

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2024					
Financial assets	Foreign currency		Exchange rate		NTD	
Monetary items						
USD	$	15,116	32.72	(USD:NTD)	$	494,596
USD		18,349	7.341	(USD:CNY)		600,379
Financial liabilities						
Monetary items						
USD	$	8,083	32.72	(USD:NTD)	$	264,476
USD		4,538	7.341	(USD:CNY)		148,483

	December 31, 2023					
Financial assets	Foreign currency		Exchange rate		NTD	
Monetary items						
USD	$	13,264	30.66	(USD:NTD)	$	406,674
USD		16,779	7.152	(USD:CNY)		514,444
Financial liabilities						
Monetary items						
USD		6,822	30.66	(USD:NTD)		209,163
USD		2,825	7.152	(USD:CNY)		86,615

The realized and unrealized foreign currency exchange gains and losses of the Group in 2024 and 2023 constituted gains of NTD 35,598 thousand and NTD 10,995 thousand, respectively. Due to the variety of foreign currency transactions and entity functional currencies, it is not possible disclose each exchange gain and loss in foreign currencies that had material impact.

33. Separately disclosed items

(1) Information about significant transactions

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

(2) Information on investees: Table 9.

(3) Information on investments in mainland China

1. Name of mainland China investee company, major operating items, paid-in capital amount, investment method, capital remittance in and out, shareholding ratio, profit or loss for the current year and recognized investment gains or losses, investment book amount at year end, repatriated investment gains and losses, and investment limit in mainland China: Table 10.
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

(1) Amounts and percentages of purchases and the balance and percentages of relevant payables at the end of the year: Table 6.

(2) Amounts and percentages of sales and the balance and percentages of relevant receivables at the end of the year: Table 6.

(3) The amount of property transactions and the amount of the resultant gains or losses: None.

(4) Ending balance of note endorsement/guarantee or provision of collateral and its purpose: Table 2.

(5) Maximum balance, ending balance, interest rate range, and total interest of the current year for capital financing: Table 1.

(6) Other transactions having material impact on current year profit or loss or financial status, such as the provision or receipt of labor services, etc.: None.

(4) Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 11.

34. Segment information

The information provided to the major operational decision-makers for allocating resources and evaluating the performance of the segments, with a focus on operating regions. The Group is mainly engaged in the manufacturing and sales of various LCDs and modules. The production process and marketing strategies are the same, but due to factors such as different cultures, environments, and economic characteristics, management must be differentiated according to localities. The Group's reportable segments were as follows:

Domestic operations - Production and sales in the domestic region.

Asian operations - Production and sales in Asia.

Others - Sales in other regions.

(1) Segment revenue and operating result

Revenue and operating results of the Group's continuing operations are analyzed by reporting segment as follows:

	Segment revenue		Segment profit or loss	
	2024	2023	2024	2023
Domestic operations	$ 1,657,422	$ 1,901,335	$ 7,667	$ 99,173
Asian operations	288,619	255,535	(22,043)	20,301
Others	87,882	72,360	3,770	7,132
Total from continuing operations	$ 2,033,923	$ 2,229,230	(10,606)	126,606
Net gain on foreign currency exchange			35,598	10,995
Finance costs			(15,231)	(13,007)
Interest income			21,754	9,182
General revenue and profit of the Company			14,527	12,356
General expenses and losses of the Company			(3,659)	(4,324)
Profit before income tax			$ 42,383	$ 141,808

Segment profit refers to the profit earned by each segment, excluding interest income, finance costs, net gain or loss from foreign currency exchange, and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(2) Segment total assets and liabilities

Segment assets	December 31, 2024	December 31, 2023
Continuing operations		
Domestic operations	$ 1,275,378	$ 1,305,901
Asian operations	1,062,640	856,805
Others	49,197	32,703
Total segment assets	2,387,215	2,195,409
Unallocated assets	98,230	103,275
Consolidated total assets	$ 2,485,445	$ 2,298,684
Segment liabilities		
Continuing operations		
Domestic operations	$ 736,019	$ 703,470
Asian operations	521,204	362,016
Others	7,629	5,026
Segment total liabilities	1,264,852	1,070,512
Unallocated liabilities	72,406	62,350
Consolidated total liabilities	$ 1,337,258	$ 1,132,862

For the purpose of monitoring segment performance and allocating resources to each segment, all assets and liabilities are allocated to reportable departments, other than financial assets at fair value through other comprehensive income, investments recognized using the equity method, and deferred tax assets and liabilities.

(3) Revenue from major products

	2024	2023
STN display module	$ 886,840	$ 1,048,597
OLED display panels and modules	615,853	512,643
TFT display modules	505,552	640,873
Others	25,678	27,117
	$ 2,033,923	$ 2,229,230

(4) Geographic information

The Group's continuing operating revenue from external customers by customer location is given as follows:

	2024	2023
Europe	$ 740,276	$ 1,041,697
Asia	695,021	608,805
America	381,893	392,663
Taiwan	204,340	164,390
Others	12,393	21,675
	$ 2,033,923	$ 2,229,230

(5) Major customers

In 2024 and 2023, no revenue from a single customer accounted for more than 10% of the Group’s total revenues.

Winstar Display Co., Ltd. and Subsidiaries

Financing Provided to Others

For the Year Ended December 31, 2024

Table 1

Units: NT$ and foreign currency, in thousands

Serial No.	Lending Company	Borrower	Associated Items	Whether a Related Party	Highest Balance in the Current Year	Ending Balance	Actual Amount Borrowed (Note 1)	Range of Interest Rates	Nature of Loan	Business Transaction Amount	Reasons for Short Term Financing	Amount of Provision for Losses	Collateral		Limit of Loans to Individual Borrowers	Total Loan Limit
													Item	Value		
1	WINSTAR CHANGSHU	VANSTAR	Other payables - related parties	Yes	$ 18,064 (CNY 4,000)	$ 17,828 (CNY 4,000)	$ 5,794	3.8%	Necessity of short-term financing	$ -	Operating turnover	$ -	—	$ -	$ 126,964 (Note 2)	$ 247,824 (Note 3)

Note 1: The consolidated financial statements have been eliminated.

Note 2: The total amount of loans to a single company shall not exceed 40% of the net worth of the borrower in its latest financial statements, and shall be limited to the amount of paid-in capital.

Note 3: The amount shall not exceed 40% of the net worth of the borrower in its latest financial statements.

Winstar Display Co., Ltd. and Subsidiaries

Endorsements/Guarantees Provided

For the Year Ended December 31, 2024

Table 2

Units: NT$ and foreign currency, in thousands

Serial No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	The Maximum Balance of Endorsements/ Guarantees in the Current Year	Balance of Endorsements/ Guarantees at the End of the Year	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on behalf of Companies in Mainland China
		Company Name	Relationship										
0	The Company	RAYSTAR	(Note 1)	(Note 2)	$ 478,495	$ 478,495	$ 117,495	$ -	42	$ 1,144,363	Y	—	—
		WINSTAR CHANGSHU	(Note 1)	(Note 2)	195,339 (CNY 44,700)	106,968 (CNY 24,000)	27,363	-	2	1,144,363	Y	—	Y
		VANSTAR	(Note 1)	(Note 2)	22,580 (CNY 5,000)	22,285 (CNY 5,000)	6,632	-	9	1,144,363	Y	—	Y

Note 1: Please refer to Note 11.

Note 2: The cumulative amount of endorsements made by the Company and its subsidiaries for a single enterprise shall not exceed 10% of the Company's net worth, except when the counterparty of the endorsement or guarantee is a company directly or indirectly held by the Company with 100% of voting rights.

Note 3: The Company and its subsidiaries as a whole may make endorsements/guarantees for the total amount up to the net amount stated in the Company's most recent financial statements.

Winstar Display Co., Ltd. and Subsidiaries

Marketable Securities Held at the end of the Year

December 31, 2024

Table 3

Unit: NT$ in thousands

Name of Holding Company	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Year-End			
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	Stock						
	Tradetool Auto Co., Ltd.	—	Financial assets at fair value through other comprehensive income -non-current	445,638	$ 7,286	-	$ 7,286
	Orange Electronic Co., Ltd.	—	Financial assets at fair value through other comprehensive income -non-current	55,089	1,598	-	1,598

Winstar Display Co., Ltd. and Subsidiaries

Marketable Securities Acquired or Disposed of at Costs or Prices of at Least NT$ 300 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2024

Table 4

Units: NT$ and shares, in thousands

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount (Note 1)	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount (Note 1)
The Company	Stocks													
	RAYSTAR	Investments accounted for using the equity method	—	Subsidiary	32,147	$ 321,471	15,000	$ 150,000	-	$	$ -	$ -	47,147	$ 471,471

Note 1：Initial investment.

Note 2：The consolidated financial statements have been eliminated.

Winstar Display Co., Ltd. and Subsidiaries

Acquisition of Individual Real Estate Properties at Costs of at Least NT$ 300 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2024

Table 5

Units: Foreign currency in thousands

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference Property Owner	Purpose of Acquisition Relationship	Other Terms Transaction Date
							Property Owner	Relationship	Transaction Date	Amount			
WINSTAR CHANGSHU	Right-of-use assets	December 26, 2023	CNY 30,361	The rent shall be paid on a quarterly basis as stipulated in the contract	Suzhou Akso Health Technology Co., Ltd.	—	—	—	—	—	(Note 1)	Used as factory and dormitory	None

Note 1： Pursuant to the asset valuation report issued by the appraisal company, the market value of the subject asset is assessed at CNY 32,726 thousand.

Winstar Display Co., Ltd. and Subsidiaries

Total Purchases from or Sales to Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2024

Table 6

Unit: NT$ in thousands

Purchaser or Seller	Counterparty	Relationship	Transaction Details				Abnormal Transaction and Reason		Notes/Trade Receivables (Payables)		Remarks
			Purchase/Sale	Amount	Percentage of Total Purchase (Sale) %	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes and Accounts Receivable (Payable) %	
The Company	WINSTAR CHANGSHU	(Note 1)	Purchases of goods	$ 1,016,688	78	90 days end of month	(Note 2)	No significant difference from other general manufacturers	($ 218,212)	(79)	
		(Note 1)	(Sale)	(214,641)	-	90 days end of month	(Note 2)	No significant difference from other general customer	55,516	24	
RAYSTAR	WINSTAR CHANGSHU	(Note 1)	Purchases of goods	157,647	65	90 days end of month	(Note 2)	No significant difference from other general manufacturers	(36,668)	(62)	
		(Note 1)	(Sale)	(211,832)	(41)	90 days end of month	(Note 2)	No significant difference from other general customers	67,596	76	
WINSTAR CHANGSHU	The Company	(Note 1)	(Sale)	(1,016,688)	(67)	90 days end of month	(Note 2)	No significant difference from other general customers	218,212	71	
		(Note 1)	Purchases of goods	214,641	-	90 days end of month	(Note 2)	No significant difference from other general manufacturers	(55,516)	(18)	
	RAYSTAR	(Note 1)	(Sale)	(157,647)	(10)	90 days end of month	(Note 2)	No significant difference from other general customers	36,668	12	
		(Note 1)	Purchases of goods	221,832	20	90 days end of month	(Note 2)	No significant difference from other general manufacturers	(67,596)	(20)	

Note 1: Please refer to Note 11.

Note 2: The prices of purchases and sales transactions with related parties are negotiated separately based on product differences, market conditions, and internal transfer pricing policies.

Note 3: The consolidated financial statements have been eliminated.

Winstar Display Co., Ltd. and Subsidiaries

Receivables from Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital

December 31, 2024

Table 7

Unit: NT$ in thousands

Company Recognizes the Receivables	Counterparty	Relationship	Balance of Receivables from Related Parties (Note 2)	Turnover Rate (Times)	Overdue		Amount Collected in Subsequent Period	Amount of Provision for Losses
					Amount	Action Taken		
WINSTAR CHANGSHU	The Company	(Note 1)	Trade receivables $218,212	5.06	$ -	—	$ 137,597	$ -

Note 1: Please refer to Note 11.

Note 2: The consolidated financial statements have been eliminated.

Winstar Display Co., Ltd. and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions

For the Year ended December 31, 2024

Table 8

Unit: NT$ in thousands

Serial No.	Company Name	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Transaction Terms	As a Percentage of Consolidated Total Revenue or Total Assets (%)
0	The Company	WINSTAR CHANGSHU	1	Operating cost	$ 1,016,688	90 days end of month	50
				Operating revenue	214,641	90 days end of month	11
				Trade receivables	55,516	90 days end of month	2
				Trade payables	218,212	90 days end of month	9
		RAYSTAR	1	Operating cost	71,272	30 days end of month	3
1	RAYSTAR	WINSTAR CHANGSHU	2	Operating revenue	211,832	90 days end of month	10
				Operating cost	157,647	90 days end of month	8
				Trade receivables	67,596	90 days end of month	3
				Trade payables	36,668	90 days end of month	1
2	WINSTAR CHANGSHU	VANSTAR	2	Operating cost	107,099	30 days end of month	5
		WINSTAR USA	2	Operating revenue	43,016	90 days end of month	2

Note: No. 1 represents the transactions from parent company to subsidiary.

No. 2 represents the transactions between subsidiaries.

Winstar Display Co., Ltd. and Subsidiaries

Investee Company Information, Locations, and Other Related Information

For the Year ended December 31, 2024

Table 9

Units: NT$ and foreign currency, in thousands

Investor	Investee (Note 1)	Location	Principle Business Activity	Initial investment		Year-end holdings			Investee Company Current year Profit (Loss)	Investment Profit (Loss) Recognized by the Company	Remarks
				Current Year End	Prior Year End	Number of Shares (in thousand shares)	Shares %	Carrying Amount			
The Company	RAYSTAR	Republic of China	Engaged in research and development, manufacturing, and trading of OLED display modules	$ 471,471	$ 321,471	47,147	100	$ 429,833	($ 5,821)	($ 8,950)	Subsidiary
	WINBEST	United States	Operation of reinvestment business	204,630	204,630	-	100	618,131	29,604	29,604	Subsidiary
	WINCAELUM	Samoa	Operation of reinvestment business	159,782	159,782	8,000	100	89,286	(3,882)	(3,882)	Subsidiary
	FAIRLINK	Hong Kong	Operation of reinvestment business	173,883	173,883	20,000	100	(6,765)	(8,505)	(8,505)	Subsidiary
	WINSTAR USA	United States	Import and export of electronic components	2,721	2,721	90	90	8,514	2,252	2,026	Subsidiary
	WINSTAR GER	Germany	Import and export of electronic components	837	837	25	100	335	(505)	(505)	Subsidiary
	MIDAS	United Kingdom	Trading of electronic components	9,148	9,148	-	39	8,918	(7,173)	(2,309)	Associates accounted for using the equity method
WINCAELUM	KENSTAR	Myanmar	Manufacturing, processing, and trading of various liquid crystal displays and modules	155,138 (USD 4,956)	155,138 (USD 4,956)	496	100	89,082 (USD 2,723)	(3,885) (USD 121)	(Note 2)	Subsidiary

Note 1: The consolidated financial statements have been eliminated.

Note 2: May be omitted as per the regulations.

Winstar Display Co., Ltd. and Subsidiaries

Information on Investments in Mainland China

For the Year Ended December 31, 2024

Table 10

Units: NT$ and foreign currency, in thousands

Investee (Note 1)	Principle Business Activity	Total Paid-in Capital	Method of Investment	Accumulated Investment Amount Remitted from Taiwan at the Beginning of the Current Year	Investment Amount Remitted or Recovered during the Current Year		Accumulated Investment Amount Remitted from Taiwan at the End of the Current Year	Investee Company Current Year Profit (Loss)	The Company's Direct or Indirect Percentage of Ownership	Investment Profit (loss) Recognized in the Current Year (Note 3)	Book Value of Investments at the End of the Year	Investment Income Repatriated by the End of the Year
					Outflow	Inflow						
WINSTAR CHANGSHU	Manufacturing and processing of various LCD displays and modules	$ 126,964 (CNY 31,958)	Note 2	$ 203,281 (USD 6,557)	$ -	$ -	$ 203,281 (USD 6,557)	$ 29,604 (CNY 6,684)	100%	$ 29,604 (CNY 6,684)	$ 619,559 (CNY 139,006)	$ -
VANSTAR	Manufacturing and processing of various LCD displays and modules	170,045 (CNY 36,955)	Note 2	170,045 (USD 5,670)	-	-	170,045 (USD 5,670)	(8,505) (CNY 1,921)	100%	(8,505) (CNY 1,921)	(6,765) (CNY 1,518)	-

Cumulative Amount of Investment Remitted from Taiwan to Mainland China at the End of the Current Year	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
$ 373,326 (USD 12,227)	$ 373,326 (USD 12,227)	(Note 5)

Note 1: The consolidated financial statements have been eliminated.

Note 2: This refers to the reinvestment in companies in mainland China through reinvestment in an existing company in a third region.

Note 3: Investment gains and losses are recognized based on the financial statements Reviewed by the same CPA firm as that engaged by the parent company in Taiwan.

Note 4: The limit is calculated in accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China.

Note 5: In accordance with the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" issued by the Investment Review Commission on August 29, 2008, the Company has obtained certification documents issued by Industrial Development Bureau, Ministry of Economic Affairs attesting that it complies with the operation scope of the operational headquarters. There is no upper limit on the amount of investment in the Mainland China area.

Winstar Display Co., Ltd.

Information of Major Shareholders

December 31, 2024

Table 11 Unit: shares

Name of Major Shareholder	Share	
	Number of Shareholding	Percentage of Ownership (%)
Kenstar Investment Co., Ltd.	10,636,783	15.75
Jastar Investment Co., Ltd.	8,527,909	12.63
Yu-Pin Liao	6,005,672	8.89
Huatsen Investment Co., Ltd.	4,949,392	7.33
Sunglowed International Ltd.	4,581,988	6.78
Chienchuang Investment Co., Ltd.	4,068,000	6.02

Note: The information of major shareholders is based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of December 31, 2024. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.