# VISUAL PHOTONICS EPITAXY CO., LTD.

## FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS’ REVIEW REPORT

## MARCH 31, 2025 AND 2024

---

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

VISUAL PHOTONICS EPITAXY CO., LTD.
BALANCE SHEETS
MARCH 31, 2025, DECEMBER 31, 2024 AND MARCH 31, 2024
(Expressed in thousands of New Taiwan dollars)

| | Assets | Notes | March 31, 2025 AMOUNT | % | December 31, 2024 AMOUNT | % | March 31, 2024 AMOUNT | % |
|---|---|---|---|---|---|---|---|---|
| | **Current assets** | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | $ 1,158,343 | 25 | $ 1,175,832 | 26 | $ 1,053,166 | 23 |
| 1170 | Accounts receivable, net | 6(3) | 456,676 | 10 | 380,045 | 8 | 545,640 | 12 |
| 1200 | Other receivables | | 10,053 | - | 619 | - | 6,259 | - |
| 130X | Inventories | 6(4) | 600,981 | 13 | 618,588 | 14 | 534,055 | 11 |
| 1410 | Prepayments | | 111,800 | 2 | 108,422 | 2 | 90,933 | 2 |
| 11XX | **Current Assets** | | 2,337,853 | 50 | 2,283,506 | 50 | 2,230,053 | 48 |
| | **Non-current assets** | | | | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income | 6(2) | 7,685 | - | 7,685 | - | 11,860 | - |
| 1600 | Property, plant and equipment | 6(5) and 8 | 2,214,338 | 48 | 2,261,730 | 50 | 2,420,170 | 52 |
| 1755 | Right-of-use assets | 6(6) | 9,552 | - | 10,534 | - | 11,813 | - |
| 1780 | Intangible assets | | 8,463 | - | 8,134 | - | 7,233 | - |
| 1840 | Deferred income tax assets | | 10,474 | - | 7,639 | - | 5,688 | - |
| 1915 | Prepayments for business facilities | 6(5) | 71,734 | 2 | 3,387 | - | 4,340 | - |
| 1920 | Guarantee deposits paid | | 67 | - | 67 | - | 67 | - |
| 1975 | Net defined benefit asset, non-current | 6(10) | 260 | - | 245 | - | 313 | - |
| 15XX | **Non-current assets** | | 2,322,573 | 50 | 2,299,421 | 50 | 2,461,484 | 52 |
| 1XXX | **Total assets** | | $ 4,660,426 | 100 | $ 4,582,927 | 100 | $ 4,691,537 | 100 |

(Continued)

VISUAL PHOTONICS EPITAXY CO., LTD.
BALANCE SHEETS
MARCH 31, 2025, DECEMBER 31, 2024 AND MARCH 31, 2024
(Expressed in thousands of New Taiwan dollars)

| | Liabilities and Equity | Notes | March 31, 2025 AMOUNT | % | December 31, 2024 AMOUNT | % | March 31, 2024 AMOUNT | % |
|---|---|---|---|---|---|---|---|---|
| | **Current liabilities** | | | | | | | |
| 2100 | Short-term borrowings | 6(7) | $ - | - | $ - | - | $ 100,000 | 2 |
| 2130 | Current contract liabilities | 6(14) | 32,158 | 1 | 9,279 | - | 21,082 | - |
| 2170 | Accounts payable | | 316,466 | 7 | 336,877 | 8 | 383,717 | 8 |
| 2200 | Other payables | 6(8) | 262,752 | 5 | 284,367 | 6 | 220,984 | 5 |
| 2230 | Current income tax liabilities | | 145,419 | 3 | 105,574 | 2 | 85,300 | 2 |
| 2280 | Current lease liabilities | | 3,724 | - | 3,816 | - | 3,625 | - |
| 2399 | Other current liabilities, others | | 7,273 | - | 6,787 | - | 6,184 | - |
| 21XX | **Current Liabilities** | | 767,792 | 16 | 746,700 | 16 | 820,892 | 17 |
| | **Non-current liabilities** | | | | | | | |
| 2540 | Long-term borrowings | 6(9) and 8 | 400,000 | 9 | 500,000 | 11 | 600,000 | 13 |
| 2570 | Deferred income tax liabilities | | 52 | - | 49 | - | 63 | - |
| 2580 | Non-current lease liabilities | | 5,953 | - | 6,836 | - | 8,280 | - |
| 25XX | **Non-current liabilities** | | 406,005 | 9 | 506,885 | 11 | 608,343 | 13 |
| 2XXX | **Total Liabilities** | | 1,173,797 | 25 | 1,253,585 | 27 | 1,429,235 | 30 |
| | **Equity attributable to owners of parent** | | | | | | | |
| | Share capital | 6(11) | | | | | | |
| 3110 | Oridinary shares | | 1,849,059 | 40 | 1,849,059 | 41 | 1,849,059 | 40 |
| | Capital surplus | 6(12) | | | | | | |
| 3200 | Capital surplus | | 16,736 | - | 16,736 | - | 16,736 | - |
| | Retained earnings | 6(13) | | | | | | |
| 3310 | Legal reserve | | 740,374 | 16 | 740,374 | 16 | 695,356 | 15 |
| 3320 | Special reserve | | 38,140 | 1 | 38,140 | 1 | - | - |
| 3350 | Unappropriated retained earnings | | 884,635 | 19 | 727,348 | 16 | 739,291 | 16 |
| | Other equity interest | | | | | | | |
| 3400 | Other equity interest | | ( 42,315) | ( 1) | ( 42,315) | ( 1) | ( 38,140) | ( 1) |
| 3XXX | **Total equity** | | 3,486,629 | 75 | 3,329,342 | 73 | 3,262,302 | 70 |
| | Significant commitments and contingent liabilities | 9 | | | | | | |
| | Significant events after the balance sheet date | 11 | | | | | | |
| 3X2X | **Total liabilities and equity** | | $ 4,660,426 | 100 | $ 4,582,927 | 100 | $ 4,691,537 | 100 |

The accompanying notes are an integral part of these financial statements.

VISUAL PHOTONICS EPITAXY CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

| | | | Three months ended March 31 | | | |
|---|---|---|---|---|---|---|
| | | | 2025 | | 2024 | |
| | Items | Notes | AMOUNT | % | AMOUNT | % |
| 4000 | Sales revenue | 6(14) | $ 793,663 | 100 | $ 837,395 | 100 |
| 5000 | Operating costs | 6(4)(17)(18) | ( 476,992) | ( 60) | ( 496,078) | ( 59) |
| 5900 | Net operating margin | | 316,671 | 40 | 341,317 | 41 |
| | Operating expenses | 6(17)(18) | | | | |
| 6100 | Selling expenses | | ( 2,343) | - | ( 3,982) | - |
| 6200 | General and administrative expenses | | ( 37,908) | ( 5) | ( 40,864) | ( 5) |
| 6300 | Research and development expenses | | ( 97,437) | ( 12) | ( 97,244) | ( 12) |
| 6000 | Total operating expenses | | ( 137,688) | ( 17) | ( 142,090) | ( 17) |
| 6900 | Operating profit | | 178,983 | 23 | 199,227 | 24 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | | 3,866 | - | 3,858 | - |
| 7010 | Other income | | 394 | - | 554 | - |
| 7020 | Other gains and losses | 6(15) | 15,397 | 2 | 41,469 | 5 |
| 7050 | Finance costs | 6(16) | ( 2,019) | - | ( 3,575) | - |
| 7000 | Total non-operating income and expenses | | 17,638 | 2 | 42,306 | 5 |
| 7900 | **Profit (loss) before income tax** | | 196,621 | 25 | 241,533 | 29 |
| 7950 | Income tax expense | 6(19) | ( 39,334) | ( 5) | ( 48,572) | ( 6) |
| 8200 | **Profit for the period** | | $ 157,287 | 20 | $ 192,961 | 23 |
| 8500 | **Total comprehensive income for the period** | | $ 157,287 | 20 | $ 192,961 | 23 |
| 9750 | Total basic earnings per share | 6(20) | $ 0.85 | | $ 1.04 | |
| 9850 | Total diluted earnings per share | 6(20) | $ 0.85 | | $ 1.04 | |

The accompanying notes are an integral part of these financial statements.

VISUAL PHOTONICS EPITAXY CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

| | | | Capital Reserves | | Retained Earnings | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Notes | Share capital - common stock | Additional paid-in capital | Treasury stock transactions | Legal reserve | Special reserve | Unappropriated retained earnings | Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income | Total equity |
| 2023 | | | | | | | | | |
| Balance at January 1, 2023 | | $ 1,849,059 | $ 10,229 | $ 6,507 | $ 695,356 | $ - | $ 546,330 | ($ 38,140) | $ 3,069,341 |
| Profit for the period | | - | - | - | - | - | 192,961 | - | 192,961 |
| Total comprehensive income | | - | - | - | - | - | 192,961 | - | 192,961 |
| Balance at March 31, 2023 | | $ 1,849,059 | $ 10,229 | $ 6,507 | $ 695,356 | $ - | $ 739,291 | ($ 38,140) | $ 3,262,302 |
| 2024 | | | | | | | | | |
| Balance at January 1, 2024 | | $ 1,849,059 | $ 10,229 | $ 6,507 | $ 740,374 | $ 38,140 | $ 727,348 | ($ 42,315) | $ 3,329,342 |
| Profit for the period | | - | - | - | - | - | 157,287 | - | 157,287 |
| Total comprehensive income | | - | - | - | - | - | 157,287 | - | 157,287 |
| Balance at March 31, 2024 | | $ 1,849,059 | $ 10,229 | $ 6,507 | $ 740,374 | $ 38,140 | $ 884,635 | ($ 42,315) | $ 3,486,629 |

The accompanying notes are an integral part of these financial statements.

VISUAL PHOTONICS EPITAXY CO., LTD.
STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

| | | Three months ended March 31 | |
|---|---|---|---|
| | Notes | 2025 | 2024 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | $ 196,621 | $ 241,533 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation expense (including right-of-use assets) | 6(5)(6)(17) | 71,484 | 71,589 |
| Amortization expense | 6(17) | 673 | 507 |
| Interest expense | 6(16) | 2,019 | 3,575 |
| Interest income | | ( 3,866 ) | ( 3,858 ) |
| Unrealized foreign exchange (profit) loss | | ( 2,116 ) | ( 22,236 ) |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Accounts receivable | | ( 76,631 ) | 76,688 |
| Other receivables | | ( 9,434 ) | ( 5,702 ) |
| Inventories | | 17,607 | ( 29,475 ) |
| Prepayments | | ( 3,378 ) | 1,193 |
| Net defined benefit assets | | ( 15 ) | ( 17 ) |
| Changes in operating liabilities | | | |
| Current contract liabilities | | 22,879 | 1,411 |
| Accounts payable | | ( 20,411 ) | ( 13,471 ) |
| Other payables | | ( 14,449 ) | ( 7,760 ) |
| Other current liabilities, others | | 486 | ( 37 ) |
| Cash inflow generated from operations | | 181,469 | 313,940 |
| Interest received | | 3,866 | 3,858 |
| Interest paid | | ( 2,019 ) | ( 3,575 ) |
| Income taxes paid | | ( 2,321 ) | ( 363 ) |
| Net cash flows from operating activities | | 180,995 | 313,860 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of property, plant and equipment | 6(21) | ( 26,888 ) | ( 5,229 ) |
| Acquisition of intangible assets | | ( 1,002 ) | ( 353 ) |
| Decrease(Increase) in prepayments for business facilities | | ( 71,734 ) | ( 2,209 ) |
| Net cash flows used in investing activities | | ( 99,624 ) | ( 7,791 ) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase in short-term borrowings | 6(22) | - | 500,000 |
| Decrease in short-term borrowings | 6(22) | - | ( 500,000 ) |
| Proceeds from long-term debt | 6(22) | - | 600,000 |
| Repayments of long-term debt | 6(22) | ( 100,000 ) | ( 700,000 ) |
| Payments of lease liabilities | 6(22) | ( 976 ) | ( 970 ) |
| Net cash flows used in financing activities | | ( 100,976 ) | ( 100,970 ) |
| Effect of exchange rate changes on cash and cash equivalents | | 2,116 | 22,236 |
| Net (decrease) increase in cash and cash equivalents | | ( 17,489 ) | 227,335 |
| Cash and cash equivalents at beginning of period | 6(1) | 1,175,832 | 825,831 |
| Cash and cash equivalents at end of period | 6(1) | $ 1,158,343 | $ 1,053,166 |

The accompanying notes are an integral part of these financial statements.

VISUAL PHOTONICS EPITAXY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Visual Photonics Epitaxy Co., Ltd. (the "Company") was incorporated in November 1996. The Company is primarily engaged in research & development, manufacture and sales of optoelectronic semi-conductors epitaxy, optoelectronic components products and etc. On January 24, 2002, the Company's common stock was officially listed on the Taiwan Stock Exchange Corporation.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorized for issuance by the Board of Directors on April 24 2025.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2025 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|---|
| Amendments to IAS 21, 'Lack of exchangeability' | January 1, 2025 |

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|---|
| Specific provisions of Amendments to IFRS 9 and IFRS 7, ' Amendments to the classification and measurement of financial | January 1, 2026 |

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|---|
| Partial amendment content of Amendments to IFRS 9 and IFRS 7, ‘ Amendments to the classification and measurement of financial instruments’ | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7, ‘Contracts referncing 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 International Accounting Standards Board |
| IFRS 17, ‘Insurance contracts’ | January 1, 2023 |
| Amendments to IFRS 17, ‘Insurance contracts’ | January 1, 2023 |
| Amendment 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 |
| Annual Improvements to IFRS Accounting Standards—Volume 11 | January 1, 2026 |

Except for the evaluations mentioned below, the Company has assessed that the above criteria and interpretations do not have a significant impact on the Company's financial position and financial performance:

1. Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’

   The FSC has partially endorsed specific provisions of Amendments to IFRS 9 and IFRS 7. The amendments not yet endorsed by the FSC as listed below require an entity to:

   Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

2. IFRS 18 “Presentation and disclosure in financial statements”

IFRS 18 “Presentation and disclosure in financial statements” replaces IAS 1, updates the structure of the statement of comprehensive income, introduces disclosures for management performance measures, and enhances the principles of aggregation and disaggregation applied in the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers'' and the International Accounting Standards 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through other comprehensive income.

(b) Defined benefit assets or liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in New Taiwan Dollars, which is the Company’s functional and presentation currency.

Foreign currency transactions and balances

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;

(b) Assets that are held primarily for the purpose of trading;

(c) Assets that are expected to be realised within twelve months after the reporting period;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities for at least twelve months after the reporting period.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled in the normal operating cycle;

(b) Liabilities that are held primarily for the purpose of trading;

(c) Liabilities that are due to be settled within twelve months after the reporting period;

(d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through other comprehensive income

A. Refers to an irrevocable choice made at the time of original recognition to present changes in the fair value of equity instrument investments not held for trading in other comprehensive profit and loss.

B. The Company adopts transaction date accounting for financial assets measured at fair value through other comprehensive profit and loss in accordance with transaction conventions.

C. The Company measures the fair value plus transaction costs at the time of initial recognition, and subsequently recognizes changes in the fair value of equity instruments that are measured by fair value in other comprehensive profit or loss. Accumulated gains or losses may not be subsequently reclassified to profit or loss and transferred to retained earnings. When the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow in, and the amount of the dividends can be measured reliably, the Company recognizes dividend income in profit or loss.

(7) Accounts and notes receivable

A. Accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(11) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

| | |
|---|---|
| Buildings and structures | 50 ～ 60 years |
| Machinery and equipment | 3 ～ 15 years |
| Office equipment | 4 years |
| Other equipment | 3 ～ 15 years |

(12) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Variable lease payments that depend on an index or a rate;

(c) Amounts expected to be payable by the lessee under residual value guarantees;

(d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
   (a) The amount of the initial measurement of lease liability;
   (b) Any lease payments made at or before the commencement date;
   (c) Any initial direct costs incurred by the lessee; and
   (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

   The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset’s useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(13) Intangible assets

Intangible assets, mainly patent and computer software, are recognised at cost and amortised on a straight-line basis over their estimated useful lives of 1 ~ 7 years.

(14) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(15) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(16) Notes and accounts payable

A. Accounts payable are liabilities for purchases of goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(17) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(18) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(19) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

F. If a change in tax rate is enacted or substantively enacted in an interim period, the Company recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(20) Share capital

A. Ordinary shares are classified as equity.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their carrying amount and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(21) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(22) Revenue recognition

Sales of goods

A. The Company manufactures and sells optoelectronic semi-conductors epitaxy, component and etc. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. Sales revenue is recognised based on the price specified in the contract, net of the business tax, sales return and discounts. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. No element of financing is deemed present as the sales are made with a credit term of 30 to 90 days after control of goods are transferred, which is consistent with market practice.

C. A receivable is recognised when the control of goods are transferred as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(23) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Company's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of March 31, 2025, the carrying amount of inventories was $600,981.

6. Details of Significant Accounts

(1) Cash and cash equivalents

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|---|---|---|
| Cash on hand and revolving funds | $ 323 | $ 323 | $ 323 |
| Checking accounts and demand deposits | 694,133 | 758,867 | 742,843 |
| Time deposits | 463,887 | 416,642 | 278,000 |
| Cash equivalents-short-term Bills | - | - | 32,000 |
| | $ 1,158,343 | $ 1,175,832 | $ 1,053,166 |

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through other comprehensive income

| Items | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|---|---|---|
| Non-current items: | | | |
| Equity instruments | | | |
| Unlisted stocks | $ 7,685 | $ 7,685 | $ 11,860 |

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $7,685, $7,685 and $11,860 as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively.

B. For the three-month periods ended March 31, 2025 and 2024, the Company recognized financial assets at fair value through other comprehensive income, the amount of comprehensive profit and loss were $0 and $0, respectively.

C. As of March 31, 2025, December 31, 2024 and March 31, 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was $7,685, $7,685 and $11,860, respectively.

D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2), respectively.

(3) Notes and accounts receivable

| Items | March 31, 2024 | December 31, 2024 | March 31, 2024 |
|---|---|---|---|
| Accounts receivable | $ 457,256 | $ 380,625 | $ 546,220 |
| Less: Allowance for uncollectible accounts | ( 580) | ( 580) | ( 580) |
| | $ 456,676 | $ 380,045 | $ 545,640 |

A. The ageing analysis of accounts receivable and notes receivable are as follows:

| Accounts receivable | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|---|---|---|
| Not past due | $ 376,455 | $ 357,096 | $ 417,979 |
| Up to 60 days | 79,742 | 23,416 | 127,430 |
| 61 to 90 days | 1,059 | - | - |
| 91 to 180 days | - | 113 | 811 |
| 181 days | - | - | - |
| | $ 457,256 | $ 380,625 | $ 546,220 |

The above ageing analysis was based on past due date.

B. The Company does not hold any collateral as security.

C. As of March 31, 2025, December 31, 2024 and March 31, 2024, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2024, the balance of receivables from contracts with customers amounted to $622,328.

D. As of March 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was $457,256 and $546,220, respectively.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Inventories

| | March 31, 2025 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | $ 322,173 | ($ 5,928) | $ 316,245 |
| Work in progress | 65,986 | ( 430) | 65,556 |
| Finished goods | 273,958 | ( 54,778) | 219,180 |
| Total | $ 662,117 | ($ 61,136) | $ 600,981 |

| | December 31, 2024 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | $ 362,244 | ($ 5,928) | $ 356,316 |
| Work in progress | 52,803 | ( 430) | 52,373 |
| Finished goods | 264,677 | ( 54,778) | 209,899 |
| Total | $ 679,724 | ($ 61,136) | $ 618,588 |

| | March 31, 2024 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | $ 288,792 | ($ 5,928) | $ 282,864 |
| Work in progress | 63,150 | ( 430) | 62,720 |
| Finished goods | 239,249 | ( 50,778) | 188,471 |
| Total | $ 591,191 | ($ 57,136) | $ 534,055 |

The cost of inventories recognised as expense for the period:

| | Three-month periods ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| Cost of goods sold | $ 476,992 | $ 496,078 |

(5) Property, plant and equipment

| | 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Land | Buildings and structures | Machinery and equipment | Office equipment | Other equipment | Construction in progress and equipment under acceptance | Total |
| At January 1 | | | | | | | |
| Cost | $ 141,004 | $ 1,398,352 | $ 4,563,874 | $ 24,148 | $ 271,963 | $ 14,834 | $ 6,414,175 |
| Accumulated depreciation | - | ( 947,873) | ( 2,961,502) | ( 22,495) | ( 220,575) | - | ( 4,152,445) |
| | $ 141,004 | $ 450,479 | $ 1,602,372 | $ 1,653 | $ 51,388 | $ 14,834 | $ 2,261,730 |
| Opening net book amount | $ 141,004 | $ 450,479 | $ 1,602,372 | $ 1,653 | $ 51,388 | $ 14,834 | $ 2,261,730 |
| Additions | - | 9,625 | 1,112 | 145 | 1,644 | 7,197 | 19,723 |
| Reclassifications | - | 3,990 | - | - | 195 | ( 798) | 3,387 |
| Depreciation charge | - | ( 17,174) | ( 49,863) | ( 158) | ( 3,307) | - | ( 70,502) |
| Closing net book amount | $ 141,004 | $ 446,920 | $ 1,553,621 | $ 1,640 | $ 49,920 | $ 21,233 | $ 2,214,338 |
| At March 31 | | | | | | | |
| Cost | $ 141,004 | $ 1,411,967 | $ 4,564,986 | $ 23,660 | $ 273,802 | $ 21,233 | $ 6,436,652 |
| Accumulated depreciation | - | ( 965,047) | ( 3,011,365) | ( 22,020) | ( 223,882) | - | ( 4,222,314) |
| | $ 141,004 | $ 446,920 | $ 1,553,621 | $ 1,640 | $ 49,920 | $ 21,233 | $ 2,214,338 |

| | 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Land | Buildings and structures | Machinery and equipment | Office equipment | Other equipment | Construction in progress and equipment under acceptance | Total |
| At January 1 | | | | | | | |
| Cost | $ 141,004 | $ 1,376,529 | $ 4,574,693 | $ 24,148 | $ 269,845 | $ - | $ 6,386,219 |
| Accumulated depreciation | - | ( 880,868) | ( 2,785,893) | ( 21,886) | ( 207,459) | - | ( 3,896,106) |
| | $ 141,004 | $ 495,661 | $ 1,788,800 | $ 2,262 | $ 62,386 | $ - | $ 2,490,113 |
| Opening net book amount | $ 141,004 | $ 495,661 | $ 1,788,800 | $ 2,262 | $ 62,386 | $ - | $ 2,490,113 |
| Additions | - | - | - | - | 662 | - | 662 |
| Reclassifications | - | - | - | - | - | - | - |
| Depreciation charge | - | ( 16,617) | ( 50,187) | ( 163) | ( 3,638) | - | ( 70,605) |
| Closing net book amount | $ 141,004 | $ 479,044 | $ 1,738,613 | $ 2,099 | $ 59,410 | $ - | $ 2,420,170 |
| At March 31 | | | | | | | |
| Cost | $ 141,004 | $ 1,376,529 | $ 4,574,693 | $ 24,148 | $ 270,509 | $ - | $ 6,386,883 |
| Accumulated depreciation | - | ( 897,485) | ( 2,836,080) | ( 22,049) | ( 211,099) | - | ( 3,966,713) |
| | $ 141,004 | $ 479,044 | $ 1,738,613 | $ 2,099 | $ 59,410 | $ - | $ 2,420,170 |

A. The significant components of buildings include main plants and its accessory equipment, which are depreciated 50~60 years and 5~15 years, respectively.

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

C. For the requirement of production and operation, the Company has successively entered into equipment purchase contracts. As of March 31, 2025, December 31, 2024 and March 31, 2024, the amounts of partial payment for undelivered equipment were $71,734, $3,387 and $4,340 (shown as ‘prepayments for business facilities’), respectively.

(6) Leasing arrangements－lessee

A. The Company leases various assets including business vehicles. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise business vehicles and printers. On March 31, 2025, December 31, 2024 and March 31, 2024, payments of lease commitments for short-term leases amounted to $18, $50 and $5, respectively.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|---|---|---|
| | Carrying amount | Carrying amount | Carrying amount |
| Transportation equipment (Business vehicles) | $ 9,552 | $ 10,534 | $ 11,813 |

| | Three-month periods ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| | Depreciation charge | Depreciation charge |
| Transportation equipment (Business vehicles) | $ 982 | $ 984 |

D. For the three-month periods ended March 31, 2025 and 2024, the additions to right-of-use assets were $0 and $0, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

| | Three-month periods ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| Items affecting profit or loss | | |
| Interest expense on lease liabilities | $ 37 | $ 43 |
| Expense on short-term lease contracts | 18 | 5 |

F. For the three-month periods ended March 31, 2025 and 2024, the Company's total cash outflow for leases were $1,031 and $1,018, respectively.

(7) Short-term borrowings

| Type of borrowings | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|---|---|---|
| Bank unsecured borrowings | $ - | $ - | $ 100,000 |
| Interest rate range | 0% | 0% | 1.580% |

The Company did not provide any collateral for the abovementioned borrowings.

(8) Other payables

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|---|---|---|
| Wages, salaries and bonus payable | $ 232,731 | $ 247,866 | $ 201,290 |
| Payable on equipment | 9,194 | 16,359 | 619 |
| Others | 20,827 | 20,142 | 19,075 |
| | $ 262,752 | $ 284,367 | $ 220,984 |

(9) Long-term borrowings

| Type of borrowings | Borrowing period and repayment term | Interest rate range | Collateral | March 31, 2025 |
|---|---|---|---|---|
| Long-term bank borrowings | | | | |
| Secured borrowings | Borrowing period is from August 10, 2022 to August 10, 2027 ; interest is repayable monthly. | 1.79% | Property, plant and equipment | $ 400,000 |
| Less: Current portion | | | | - |
| | | | | $ 400,000 |

| Type of borrowings | Borrowing period and repayment term | Interest rate range | Collateral | December 31, 2024 |
|---|---|---|---|---|
| Long-term bank borrowings | | | | |
| Secured borrowings | Borrowing period is from August 10, 2022 to August 10, 2027 ; interest is repayable monthly. | 1.79% | Property, plant and equipment | $ 500,000 |
| Less: Current portion | | | | - |
| | | | | $ 500,000 |

| Type of borrowings | Borrowing period and repayment term | Interest rate range | Collateral | March 31, 2024 |
|---|---|---|---|---|
| Long-term bank borrowings | | | | |
| Secured borrowings | Borrowing period is from August 10, 2022 to August 10, 2027 ; interest is repayable monthly. | 1.805% | Property, plant and equipment | $ 600,000 |
| Less: Current portion | | | | - |
| | | | | $ 600,000 |

(10) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) For the aforementioned pension plan, the Company recognised pension costs both of $0 for the three-month periods ended March 31, 2025 and 2024.

(c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2025 amount to $60.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the three-month periods ended March 31, 2025 and 2024, were $2,649 and $2,595, respectively.

(11) Share capital

As of March 31, 2025, the Company's authorised capital was $3,000,000, consisting of 300,000 thousand shares of ordinary stock (including 15,000 thousand shares reserved for employee stock options), and the paid-in capital was $1,849,059 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected. The number of the Company's outstanding ordinary shares was both 184,906 thousand as of December 31, 2024 and January 1, 2024.

(12) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(13) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless existing legal reserve exceeds or is equl to issued share capital. Special reserve is set aside or reversed in accordance with related laws or regulations.

B. The Company's dividend policy is summarised below: as the Company operates in a growth stage and future expansion plans are expected in the future years, the earnings dividend policy considers fostering of competitiveness, capital needs in future years and expansion of share capital. For stable growth of earnings per share, dividends are adjusted based on performance, and cash dividends shall account for at least 10% of the total dividends distributed. The Board of Directors shall propose for dividend distribution based on capital structure and budget, and the proposals shall be resolved in shareholders' meetings.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriation of earnings of year 2024 had been proposed by the Board of Directors (has not been approved by the shareholders yet) on February 27, 2025, and the appropriation of earnings of year 2023 had been approved by the stockholders on May 30, 2024. Details are summarized below:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Amount | Dividends per share (in dollar) | Amount | Dividends per share (in dollar) |
| Legal reserve | $ 67,097 | | $ 45,018 | |
| Special reserve | 4,175 | | 38,140 | |
| Cash dividends | 591,699 | $ 3.20 | 406,793 | $ 2.20 |

As of April 24, 2025, the abovementioned appropriation of earnings of year 2024 has not been approved by the shareholders, therefore, there was no dividends payable was recognised in the financial statements. Information about the distribution of retained earings of the Company as proposed by the Board of Directors and resolved at the meeting of shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(14) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following geographical regions:

| Three-month periods ended March 31, 2025 | Taiwan | US | China | All other segments | Total |
|---|---|---|---|---|---|
| Revenue from external customer contracts | $ 212,008 | $ 325,898 | $ 172,087 | $ 83,670 | $ 793,663 |

| Three-month periods ended March 31, 2024 | Taiwan | US | China | All other segments | Total |
|---|---|---|---|---|---|
| Revenue from external customer contracts | $ 298,728 | $ 296,494 | $ 183,532 | $ 58,641 | $ 837,395 |

B. Contract assets and liabilities

The Company has recognised the following revenue-related contract liabilities:

| | March 31, 2025 | December 31, 2024 | March 31, 2024 | January 1, 2024 |
|---|---|---|---|---|
| Advance sales receipts | $ 32,158 | $ 9,279 | $ 21,082 | $ 19,671 |

Revenue recognised that was included in the contract liability balance at the beginning of the period:

| | Three-month periods ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| Advance sales receipts | $ 4,403 | $ 14,155 |

(15) Other gains and losses

| | Three-month periods ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| Net foreign exchange (losses) gains | $ 15,435 | $ 41,526 |
| Other losses | ( 38) | ( 57) |
| | $ 15,397 | $ 41,469 |

(16) Finance costs

| | Three-month periods ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| Interest expense | $ 1,981 | $ 3,532 |
| Other financial expense | 38 | 43 |
| | $ 2,019 | $ 3,575 |

(17) Expenses by nature

| | Three-month periods ended March 31, | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| | Operating costs | Operating expenses | Operating costs | Operating expenses |
| Change in inventory of finished goods and work in progress | $ - | $ - | ($ 45,027) | $ - |
| Raw materials and supplies used | - | - | 391,048 | - |
| Employee benefit expense | 62,599 | 45,222 | 68,208 | 51,207 |
| Depreciation charges on property, plant and equipment | 35,728 | 34,774 | 31,465 | 39,140 |
| Depreciation charges on right-of-use assets | - | 982 | - | 984 |
| Amortisation charges on intangible assets | 13 | 660 | 13 | 494 |
| Other expenses | - | - | 50,371 | 50,265 |
| Operating costs and expenses | $ 98,340 | $ 81,638 | $ 496,078 | $ 142,090 |

(18) Employee benefit expense

| | Three-month periods ended March 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | | | | 2024 | | | |
| | Operating costs | | Operating expenses | | Operating costs | | Operating expenses | |
| Wages and salaries | $ | 52,461 | $ | 32,680 | $ | 58,347 | $ | 37,369 |
| Directors' remuneration | | - | | 8,002 | | - | | 9,719 |
| Labour and health insurance fees | | 4,673 | | 2,157 | | 4,556 | | 2,119 |
| Pension costs | | 1,849 | | 800 | | 1,828 | | 767 |
| Other personnel expenses | | 3,616 | | 1,583 | | 3,477 | | 1,233 |
| | $ | 62,599 | $ | 45,222 | $ | 68,208 | $ | 51,207 |

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be at least 5 ~ 15% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. For the three-month periods ended March 31, 2025 and 2024, employees' compensation was accrued at $20,109 and $30,894, respectively; directors' remuneration was accrued at $6,703 and $8,426, respectively. The aforementioned amounts were recognised in salary expenses.

   The employees' compensation were estimated and accrued based on 9% and 11%; the directors' remuneration were estimated and accrued based on 3%, respectively of distributable profit of current year for the three-month periods ended March 31, 2025 and 2024.

   Employees' compensation and directors' remuneration of 2024 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2024 financial statements.

   Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(19) Income tax

A. Income tax expense

(a) Components of income tax expense:

| | Three-month periods ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| Current tax: | | |
| Current tax on profits for the period | $ 42,166 | $ 46,629 |
| Tax on undistributed surplus | - | - |
| Prior year income tax overestimation | - | - |
| Total current tax | 42,166 | 46,629 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | ( 2,832) | 1,943 |
| Income tax expense | $ 39,334 | $ 48,572 |

B. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(20) Earnings per share

| | Three-month periods ended March 31, 2025 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (share in thousands) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Profit attributable to ordinary shareholders | $ 157,287 | 184,906 | $ 0.85 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders | $ 157,287 | 184,906 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 579 | |
| Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares | $ 157,287 | 185,485 | $ 0.85 |

| | Three-month periods ended March 31, 2024 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (share in thousands) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Profit attributable to ordinary shareholders | $ 192,961 | 184,906 | $ 1.04 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders | $ 192,961 | 184,906 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 377 | |
| Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares | $ 192,961 | 185,283 | $ 1.04 |

(21) Supplemental cash flow information

A. Investing activities with partial cash payments

| | Three-month periods ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| Purchase of property, plant and equipment | $ 19,723 | $ 662 |
| Add: Opening balance of payable on equipment | 16,359 | 5,186 |
| Less: Ending balance of payable on equipment | ( 9,194) | ( 619) |
| Cash paid during the period | $ 26,888 | $ 5,229 |

B. Investing activities with no cash flow effects

| | Three-month periods ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| Prepayments for business facilities transferred to property, plant and equipment | $ 3,387 | $ - |

(22) Changes in liabilities from financing activities

| | 2025 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Short-term borrowings | | Long-term borrowings | | Lease liabilities | | Dividend payable | | Liabilities from financing activities-gross | |
| At January 1 | $ | - | $ | 500,000 | $ | 10,652 | $ | - | $ | 510,652 |
| Changes in cash flow from financing activities | | - | ( | 100,000) | ( | 976) | | - | ( | 100,976) |
| Changes in other non-cash items | | - | | - | | - | | - | | - |
| At March 31 | $ | - | $ | 400,000 | $ | 9,676 | $ | - | $ | 409,676 |

| | 2024 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Short-term borrowings | | Long-term borrowings | | Lease liabilities | | Dividend payable | | Liabilities from financing activities-gross | |
| At January 1 | $ | 100,000 | $ | 700,000 | $ | 12,874 | $ | - | $ | 812,874 |
| Changes in cash flow from financing activities | | - | ( | 100,000) | ( | 970) | | - | ( | 100,970) |
| At March 31 | $ | 100,000 | $ | 600,000 | $ | 11,904 | $ | - | $ | 711,904 |

7. Related Party Transactions

(1) Names of related parties and relationship

None.

(2) Significant related party transactions

None.

(3) Key management compensation

| | Three-month periods ended March 31, | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| Short-term employee benefits | $ | 21,013 | $ | 29,891 |
| Post-employment benefits | | 152 | | 151 |
| Total | $ | 21,165 | $ | 30,042 |

8. Pledged Assets

The Company’s assets pledged as collateral are as follows:

| | Book value | | | | | | |
|---|---|---|---|---|---|---|---|
| Pledged asset | March 31, 2025 | | December 31, 2024 | | March 31, 2024 | | Purpose |
| Property, plant and equipment | $ | 842,459 | $ | 854,124 | $ | 889,116 | For guarantee of borrowings facilities |

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|---|---|---|
| Property, plant and equipment | $ 160,879 | $ 154,269 | $ 51,446 |

B. Guarantee for customs duties

The Company's guarantee for customs duties is as follows:

| March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|---|---|
| $ 10,000 | $ 10,000 | $ 10,000 |

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On April 9, 2025, the Board of Directors resolved to repurchase 2,000 thousand shares of the Company's common stock as treasury shares. The repurchase will be conducted at a price range between NT$60 and NT$150 per share, with the execution period set from April 10, 2025 to June 9, 2025. ∘

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) minus cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net liabilities.

The gearing ratios at March 31, 2025, December 31, 2024 and March 31, 2024 were as follows:

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
|---|---|---|---|
| Total borrowings | $ 400,000 | $ 500,000 | $ 700,000 |
| Total equity | $ 3,486,629 | $ 3,329,342 | $ 3,262,302 |
| Gearing ratio | 12% | 15% | 18% |

(2) Financial instruments

A. Financial instruments by category

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
| --- | --- | --- | --- |
| Financial assets | | | |
| Financial assets at fair value through other comprehensive income | | | |
| Optional designation for qualifying investments in equity instruments | $ 7,685 | $ 7,685 | $ 11,860 |
| Financial assets at amortised | | | |
| Cash and cash equivalents | $ 1,158,343 | $ 1,175,832 | $ 1,053,166 |
| Accounts receivable | 456,676 | 380,045 | 545,640 |
| Other receivables | 10,053 | 619 | 6,259 |
| Guarantee deposits paid | 67 | 67 | 67 |
| | $ 1,625,139 | $ 1,556,563 | $ 1,605,132 |

| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
| --- | --- | --- | --- |
| Financial liabilities | | | |
| Financial liabilities at amortised cost | | | |
| Short-term borrowings | $ - | $ - | $ 100,000 |
| Accounts payable | 316,466 | 336,877 | 383,717 |
| Other accounts payable | 262,752 | 284,367 | 220,984 |
| Long-term borrowings (including current portion) | 400,000 | 500,000 | 600,000 |
| | $ 979,218 | $ 1,121,244 | $ 1,304,701 |
| Lease liability | $ 9,676 | $ 10,652 | $ 11,905 |

B. Financial risk management policies

(a) The Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by Company treasury department under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company’s operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company's businesses involve some non-functional currency operations (the Company's functional currency is NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| | March 31, 2025 | | |
|---|---|---|---|
| | Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | $ 26,631 | 33.21 | $ 884,282 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | $ 6,736 | 33.21 | $ 223,703 |

| | December 31, 2024 | | |
|---|---|---|---|
| | Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | $ 24,193 | 32.79 | $ 793,288 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | $ 7,515 | 32.79 | $ 246,417 |

| | March 31, 2024 | | |
|---|---|---|---|
| | Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | $ 31,741 | 32.00 | $ 1,015,712 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | $ 9,119 | 32.00 | $ 291,808 |

ii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

| | March 31, 2025 | | |
|---|---|---|---|
| | Sensitivity analysis | | |
| | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | 1% | $ 8,843 | $ - |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | 1% | $ 2,237 | $ - |

| | December 31, 2024 | | |
|---|---|---|---|
| | Sensitivity analysis | | |
| | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | 1% | $ 7,933 | $ - |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | 1% | $ 2,464 | $ - |

| | March 31, 2024 | | |
|---|---|---|---|
| | Sensitivity analysis | | |
| | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | 1% | $ 10,157 | $ - |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | 1% | $ 2,918 | $ - |

iii. Total exchange (loss) gain, including realized and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the three-month periods ended March 31, 2025 and 2024, amounted to $15,435 and $41,526, respectively.

Price risk

i. The Company's equity instruments exposed to price risk are financial assets held at fair value that are accounted for beyond other comprehensive losses. In order to manage the price risk of equity instrument investment, the Company diversifies its investment portfolio in accordance with the limits set by the Company.

ii. The company mainly invests in domestic unlisted equity instruments. The price of these equity instruments will be affected by the uncertainty of the future value of the investment target. If the price of these equity instruments rises or falls by 1% and all other factors remain unchanged, other comprehensive gains and losses for the three-month periods ended March 31, 2025 and 2024 are classified as other comprehensive gains and losses through other comprehensive gains and losses. The gain or loss of the equity investment measured by the fair value of the case increases or decreases by $77 and $119, respectively.

Cash flow and fair value Interest rate risk

i. The Company's main interest rate risk arises from long-term borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. For the three-month periods ended March 31, 2025 and 2024, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

ii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 1% with all other variables held constant, profit, net of tax for the three-month periods ended March 31, 2025 and 2024 would have increased/decreased by $800 and $1,400, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. According to the historical transaction experience of the Company, the default occurs when the contract payments are past due over 180 days.

iv. The Company adopts following assumptions under IFRS 9 to assess when the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Company classifies customers' accounts receivable in accordance with customer types. The Company applies the modified approach to estimate expected credit loss under the provision matrix basis.

vi. The Company used the forecast ability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. On March 31, 2025, December 31, 2024 and March 31, 2024, the provision matrix is as follows:

| | Without past due | Up to 60 days | Up to 90 days | Up to 180 days | Over 181 days | Total |
|---|---|---|---|---|---|---|
| At March 31, 2025 | | | | | | |
| Expected loss rate | 0.03% | 0.07% | 0.20% | 15.00% | 100.00% | |
| Total book value | $ 376,455 | $ 79,742 | $ 1,059 | $ - | $ - | $ 457,256 |
| Loss allowance | $ 113 | $ 56 | $ 411 | $ - | $ - | $ 580 |

| | Without past due | Up to 60 days | Up to 90 days | Up to 180 days | Over 181 days | Total |
|---|---|---|---|---|---|---|
| At December 31, 2024 | | | | | | |
| Expected loss rate | 0.03% | 0.07% | 0.20% | 15.00% | 100.00% | |
| Total book value | $ 357,096 | $ 23,416 | $ - | $ 113 | $ - | $ 380,625 |
| Loss allowance | $ 215 | $ 348 | $ - | $ 17 | $ - | $ 580 |

| | Without past due | Up to 60 days | Up to 90 days | Up to 180 days | Over 181 days | Total |
|---|---|---|---|---|---|---|
| At March 31, 2024 | | | | | | |
| Expected loss rate | 0.03% | 0.07% | 0.20% | 15.00% | 100.00% | |
| Total book value | $ 417,979 | $ 127,430 | $ - | $ 811 | $ - | $ 546,220 |
| Loss allowance | $ 125 | $ 89 | $ - | $ 366 | $ - | $ 580 |

vii. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable is as follows:

| | 2025 | 2024 |
|---|---|---|
| At January 1 (At March 31) | $ 580 | $ 580 |

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating units of the Company and aggregated by the Company's treasury department. The Company's treasury department monitors rolling forecast of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The treasury department invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The table below analyses the Company's non-derivate financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

| Non-derivative financial liabilities | Less than 1 year | 1 to 2 years | 2 to 5 years | Over 5 years |
|---|---|---|---|---|
| March 31, 2025 | | | | |
| Accounts payable | $ 316,466 | $ - | $ - | $ - |
| Other payables | 262,752 | - | - | - |
| Lease liability | 3,840 | 3,628 | 2,413 | - |
| Long-term borrowings (including current portion) | 7,160 | 7,160 | 402,589 | - |

| Non-derivative financial liabilities | Less than 1 year | 1 to 2 years | 2 to 5 years | Over 5 years |
|---|---|---|---|---|
| December 31, 2024 | | | | |
| Accounts payable | $ 336,877 | $ - | $ - | $ - |
| Other payables | 284,367 | - | - | - |
| Lease liability | 3,945 | 3,628 | 3,320 | - |
| Long-term borrowings (including current portion) | 8,950 | 8,950 | 505,444 | - |

| Non-derivative financial liabilities | Less than 1 year | 1 to 2 years | 2 to 5 years | Over 5 years |
|---|---|---|---|---|
| March 31, 2024 | | | | |
| Short-term borrowings | $ 100,126 | $ - | $ - | $ - |
| Accounts payable | 383,717 | - | - | - |
| Other payables | 220,984 | - | - | - |
| Lease liability | 3,765 | 3,268 | 5,184 | - |
| Long-term borrowings (including current portion) | 10,080 | 10,080 | 613,725 | - |

iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. The carrying amounts of the financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, accounts payable, other payables, lease liabilities and long-term borrowings ) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at March 31, 2025, December 31, 2024 and March 31, 2024 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

| March 31, 2025 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | $ - | $ - | $ 7,685 | $ 7,685 |

| December 31, 2024 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | $ - | $ - | $ 7,685 | $ 7,685 |

| March 31, 2024 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | $ - | $ - | $ 11,860 | $ 11,860 |

(b) The methods and assumptions used by the Company to measure fair value are explained as follows:

i. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

ii. The valuation of derivative financial instruments is based on the valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

D. For the three-month periods ended March 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.

E. For the three-month periods ended March 31, 2025 and 2024, there was no transfer in and out from level 3.

F. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

| | Fair value at March 31, 2025 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|---|---|---|---|---|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | $ 7,685 | Market comparable companies | Value multiplier and stock price volatility changes | 15% | The higher the value multiplier, the higher the fair value; the higher the stock price volatility, the lower the fair value. |

| | Fair value at December 31, 2024 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|---|---|---|---|---|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | $ 7,685 | Market comparable companies | Value multiplier and stock price volatility changes | 15% | The higher the value multiplier, the higher the fair value; the higher the stock price volatility, the lower the fair value. |

| | Fair value at March 31, 2024 | | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|---|---|---|---|---|---|
| Non-derivative equity instrument: | | | | | | |
| Unlisted shares | $ | 11,860 | Market comparable companies | Value multiplier and stock price volatility changes | 14% | The higher the value multiplier, the higher the fair value; the higher the stock price volatility, the lower the fair value. |

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

| | | | March 31, 2025 | | | |
|---|---|---|---|---|---|---|
| | | | Recognised in profit or loss | | Recognised in other comprehensive income | |
| | Input | Change | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Equity instrument | 15% | ±1% | $ - | $ - | $ 58 | ($ 58) |

| | | | December 31, 2024 | | | |
|---|---|---|---|---|---|---|
| | | | Recognised in profit or loss | | Recognised in other comprehensive income | |
| | Input | Change | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Equity instrument | 15% | ±1% | $ - | $ - | $ 58 | ($ 58) |

| | | | March 31, 2024 | | | |
|---|---|---|---|---|---|---|
| | | | Recognised in profit or loss | | Recognised in other comprehensive income | |
| | Input | Change | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Equity instrument | 14% | ±1% | $ - | $ - | $ 38 | ($ 38) |

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Purchases or sales of goods from or to related parties reaching $100 million or 20% of the Company's paid-in capital or more: None.

E. Receivables from related parties reaching $100 million or 20% of the Company's paid-in capital or more: None.

F. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

None.

(3) Information on investments in Mainland China

None.

14. Segment Information

(1) General information

The Company operates business only in a single industry. The Board of Directors who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

(2) Information about segment profit or loss, assets and liabilities

The Company's segment information, including segment income or loss, assets and liabilities, is consistent with that in the financial statements.

(3) Reconciliation for segment income (loss)

The Company operates business only in a single industry. The Chief Operating Decision-Maker, who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment, therefore, no reconciliation was needed.

Visual Photonics Epitaxy Co., Ltd.

Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

March 31, 2025

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

| | | | As of March 31, 2025 | | | | |
|---|---|---|---|---|---|---|---|
| Securities held by | Marketable securities | General ledger account | Number of shares | Book value | Ownership (%) | Fair value | Footnote |
| The Company | Taisic Materials Corp. | Financial assets at fair value through other comprehensive income | 500,000 | 7,685 thousand | 0.71 | 7,685 thousand | Unpledged |