

. One. Letter to Shareholders

Dear shareholders,

1. 2024 Business Results

(1) Implementation results of the 2024 annual business plan

The Company's operating revenue Increased by NT\$304 million in 2024 from 2023, i.e. 16.36%, primarily due to the smart optoelectronics products with a growth NT\$320 million or 31.03%; however, the smart automotive and smart building products decreased by 0.68% and 5.14%, respectively. However, the rise in operating costs has significantly eroded the Company's profit, resulting in a 2.24% decline in gross margin and a 4.69% decline in net profit margin in 2024 compared to 2023..

(2) Budget Implementation

In accordance with the "Guidelines for the Handling of Public Financial Forecast Information by Publicly Listed Companies," our company has not disclosed its 2024 financial forecast information and is not required to disclose annual budget execution analysis data.

(3) Financial income and expenditure and profitability analysis

In 2024, although the Company's revenue increased, the operating cost faced the severe challenges of the risk factors of the global economy and politics. The Company has actively adjusted its product structure, strove for the proportion of niche product sales, and also adopted a leveling production model to converge the losses on changes of production lines, and strictly controlled inventory and saved expenses in order to reduce operating costs. In the face of the 2024 maturity of corporate bonds payable, the Company has also executed cash capital increase, in order to increase the working capital as a response to the situation, which has improved the benefits of the financial structure and reduced the debt ratio while significantly increasing the current and quick ratio of the Company.

Important Financial Ratio Table

Analysis Item		2024	2023
Financial structure	Debt-to-asset ratio	58.04 %	66.68 %
	Ratio of long-term funds to fixed assets	254.42 %	203.52 %
Solvency	Current ratio	137.79 %	103.85 %
	Quick ratio	124.32 %	93.24 %
Profitability	Return on assets	-4.64 %	-1.83 %
	Return on equity	-14.46 %	-8.30 %
	Earnings per Share	NT\$-1.45	NT\$-0.82

(4) Research and Development Status

The Company is committed to the improvement of its own technologies and product quality, with the main research development outcomes as follows:

- A. SMOKE OCA material development, new technology for integrated black panel appearance.
- B. Development of IR-cut multi-layer light control coating, a new technology for optical monitoring.
- C. 3D curved surface ink printing technology has been improved.
- D. Development of UV light-sensitive low-temperature gluing technology.

R&D of new product, R&D projects in progress:

- A. Development of ultra-large 3D molding equipment
- B. Development of ultra-large size 3D coating equipment
- C. Development of 3D five-fold concave surface film lamination equipment
- D. Development of 3D five-fold concave surface coating technology

2. 2025 Business Plan Overview

Under such uncertain and diverse economic environment, our company continues to uphold the

commitment in the core technology development of glass processing and focuses on the product technology development along with the enhancement of the in-depth cooperation with both upstream and downstream customers, in order to adjust products, production lines and supply chain according to the product market trend, thereby gaining operating profits. The Company is actively adjusting the product structure, increased the sales ratio of niche products and implemented level production model to reduce the loss of production line changes along with rigorous control of inventory and cost, in order to reduce the operating cost. Furthermore, we also implement long-term financing plan and execute cash capital increase to reduce the operating capital pressure, to increase the liquidity and quick ratio, thereby improving the financial structure.

3. Future Company Development Strategy

Taiwan's economy is expected to benefit from the steady global economy in 2025. The demand for emerging technologies such as AI and other new technologies will increase. However, the Company is still facing the uncertain risks of geopolitical conflicts and the US-China technology conflict. The production volume will also continue to be affected by the excessive overseas production capacity. Despite the political instability and the conservative economic outlook of the US and China, the manufacturing demand is still growing as the demand from downstream industries such as machinery and metal products increases steadily. The demand for emerging applications such as AI, semiconductors, electric vehicles and renewable energy also increases steadily, and the domestic manufacturing demand is expected to grow further.

With the rise of new technologies such as the internet of things, artificial intelligence and 5G networks, touch screens are constantly being developed for factory control, automobile, smart home, education, healthcare and other various applications, which are exactly the directions for our company's product development. The products extend from glass processing of consumer electronic products to TP Module services, and the coating technology applications span across the industrial products of optoelectronics, medical care and construction. Customers were also expanded from LCM and industrial control plant in the early stage to the end customers, such as sports, in-vehicle and buildings. The 3D formation technology is designed based on the concept of simplicity, safety, innovation, aesthetic, durability, and light weight, in order to fully reflect the quality of glass processing in the display of the automotive glass products, such as the dashboards, central control system, multimedia voice, back view, and other display, as well as the applications of buttons, interior, etc.

4. Impact of the external competitive environment, regulatory environment, and overall operating environment

The world was under the risk of continuous geopolitical tensions and the situation of political uncertainties, coupled with the protectionism of tariffs and barriers, such that the price of commodities soared, and the trade tension was also intensified. As a result, the market efficiency was reduced with disruption to the supply chain structure, causing investors to be less confident and consumers to be more conservative in spending. The terminal market was sluggish due to the volatility of the global price, economy and the global financial market, causing stagnation of the economy. Although the short-term supply chain has stabilized and the inflation has gradually declined, the increase in the purchasing power of the family to support consumer demand is still uncertain. Especially due to the US trade policy, the global trade frictions will become the new norm in the future, affecting global economic and trade development. Enterprises may need to increase their backup or seek alternative supply chains, which will further increase production costs. Under the strong USD derived material cost, all of the aforementioned factors are the greatest economic challenges faced by Taiwanese companies.

Chairman

Chung, Chih-Ming

Stock Code: 3149



正達國際光電股份有限公司
G-Tech Optoelectronics Corp.

2024 Annual Report

Printed on April 21, 2025

Query URL for this annual report:

<http://www.gtoc.com.tw>

Company Website

<http://mops.twse.com.tw>

Market Observation Post System

I. Company Spokesperson and Deputy Spokesperson Information:

Spokesperson: Chiu, Huo-Sheng

Title: Vice President

Telephone: 037-236988

Email address: ir@gtoc.com.tw

Deputy Spokesperson: Wu, Tai-Chiu

Position: finance, accounting and corporate governance supervisor

Telephone: 037-236988

Email address: ir@gtoc.com.tw

II. Headquarter and Factory:

Headquarter address: No. 99, Zhongxing Road, Tongluo Township, Miaoli County 366

Factory address:

Plant II: No. 99, Zhongxing Road, Tongluo Township, Miaoli County 366

Plant III: No. 87, Zhongxing Road, Tongluo Township, Miaoli County 366

STSP Plant: No. 6, Section 2, Huandong Road, Xinshi District, Tainan City

Telephone: 037-236988

Fax: 037-236929

III. Stock Transfer Agency:

Name: Grand Fortune Securities

Address: 6F., No. 6, Section 1, Zhongxiao West Road, Zhongzheng District, Taipei City 100

Telephone: 02-2371-1658

Website: <http://www.gfortune.com.tw>

IV. CPAs for the Latest Financial Report:

Name: CPA Tseng, Kuo-Yang, CPA Chi, Shi-Ching

Firm: KPMG

Address: 68F., No. 7, Section 5, Xinyi Road, Taipei City 110

Telephone: 02-81016666

Website: <http://www.kpmg.com.tw>

V. Overseas Securities Listing and Trading Agency Name and Information Query Method: None.

VI. Company website: <http://www.gtoc.com.tw>

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One. Letter to Shareholders

Passion and Confidence

In 2024, the world was under the risk of continuous geopolitical tensions and the situation of political uncertainties, coupled with the protectionism of tariffs and barriers, such that the price of commodities soared, and the trade tension was also intensified. As a result, the market efficiency was reduced with disruption to the supply chain structure, causing investors to be less confident and consumers to be more conservative in spending. The terminal market was sluggish due to the volatility of the global price, economy and the global financial market, causing stagnation of the economy. Although the short-term supply chain has stabilized and the inflation has gradually declined, the increase in the purchasing power of the family to support consumer demand is still uncertain. Especially due to the US trade policy, the global trade frictions will become the new norm in the future, affecting global economic and trade development. Enterprises may need to increase their backup or seek alternative supply chains, which will further increase production costs. Under the strong USD derived material cost, all of the aforementioned factors are the greatest economic challenges faced by Taiwanese companies.

Taiwan's economy is expected to benefit from the steady global economy in 2025. The demand for emerging technologies such as AI and other new technologies will increase. However, the Company is still facing the uncertain risks of geopolitical conflicts and the US-China technology conflict. The production volume will also continue to be affected by the excessive overseas production capacity. Despite the political instability and the conservative economic outlook of the US and China, the manufacturing demand is still growing as the demand from downstream industries such as machinery and metal products increases steadily. The demand for emerging applications such as AI, semiconductors, electric vehicles and renewable energy also increases steadily, and the domestic manufacturing demand is expected to grow further.

With the rise of new technologies such as the internet of things, artificial intelligence and 5G networks, touch screens are constantly being developed for factory control, automobile, smart home, education, healthcare and other various applications, which are exactly the directions for our company's product development. The products extend from glass processing of consumer electronic products to TP Module services, and the coating technology applications span across the industrial products of optoelectronics, medical care and construction. Customers were also expanded from LCM and industrial control plant in the early stage to the end customers, such as sports, in-vehicle and buildings. The 3D formation technology is designed based on the concept of simplicity, safety, innovation, aesthetic, durability, and light weight, in order to fully reflect the quality of glass processing in the display of the automotive glass products, such as the dashboards, central control system, multimedia voice, back view, and other display, as well as the applications of buttons, interior, etc.

Under such uncertain and diverse economic environment, our company continues to uphold the commitment in the core technology development of glass processing and focuses on the product technology development along with the enhancement of the in-depth cooperation with both upstream and downstream customers, in order to adjust products, production lines and supply chain according to the product market trend, thereby gaining operating profits. The Company's operating revenue increased by NT\$304 million in 2024 from 2023, i.e. 16.36%, primarily due to the smart optoelectronics products with a growth NT\$320 million or 31.03%; however, the smart automotive and smart building products decreased by 0.68% and 5.14%, respectively. However, the rise in operating costs has significantly eroded the Company's profit, resulting in a 2.24% decline in gross margin and a 4.69% decline in net profit margin in 2024 compared to 2023. The Company has actively adjusted the product structure, increased the sales ratio of niche products and implemented level production model to reduce the loss of production line changes along with rigorous control of inventory and cost, in order to reduce the operating cost. Furthermore, we also implement long-term financing plan and execute cash capital increase to reduce the operating capital pressure, to increase

the liquidity and quick ratio, thereby improving the financial structure. I, on behalf of the management team, would like to make efforts and encouragement with all the staff and sincerely appreciate all shareholders giving G-tech the most powerful confidence and support. The support of all shareholders is the greatest encouragement to the management team. Thank you!

Chairman
Chung, Chih-Ming

Two. Corporate Governance Report

I. Information on Directors, Supervisors, Presidents, Vice Presidents, Senior Managers, and Heads of Departments and Branches

(I) Directors and supervisors

March 29, 2024

Title	Name	Gender Age	Date elected (appointed)	Tenure	Date first elected	Shareholding at the time of election		Current shareholding		Current shareholding by spouse or minor children		Major career (academic) background	Concurrent positions in the Company or other companies	Remarks
						Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			
Chairman	Chung, Chih-Ming	Male 51-60	2023.06.21	3 years	1996.06.24	4,406,464	1.96%	3,227,038	1.73%	594,270	0.32%	Department of Optoelectronics, National United University President of Chin Ming Glass Co., Ltd. Legal representative of the chairman of Hongda Photoelectric Glass (Dongguan) Co., Ltd. Director of Well State Optoelectronics Limited Legal representative of the chairman of Brave Advance International Corp.	President of G-Tech Optoelectronics Corp. Chairman of Fast Achievement Global Ltd.	Note 4
Director	Hsiao, Jen- Liang	Male 51-60	2023.06.21	3 years	2005.06.22	1,011,784	0.49%	572,287	0.31%	—	—	Bachelor of International Business, Tunghai University	Supervisor of Teh Tai Steel Co., Ltd. Chairman of Guang Liang Metals Industrial Co., Ltd. Chairman of Kuang Liang Paper Co., Ltd.	
Director	Wang, Kuo-Hung	Male 61-70 years old	2023.06.21	3 years	2012.06.12	240,000	0.12%	154,000	0.08%	—	—	William Rainey Harper College (Business School)	Chairman of Chen Pang Blind Industrial Corporation Chairman of Guoxiang Investment Limited Corporate director's representative of SINBON Electronics Co., Ltd. Supervisor of Tang Silk Co., Ltd.	
Independent director	Huang, Kuo-Shih	Male 51-60 years old	2023.06.21	3 years	2007.12.19	—	—	—	—	—	—	Passed the CPA exam from the Department of Accounting, National Taiwan University Committee member of CPA Associations R.O.C. (Taiwan) Partner CPA of PwC Taiwan Supervisor of HOLA Co., Ltd. Chairman of Miyuan Lehuo Co., Ltd. Independent director of Cheng Mei Materials Technology Corporation Chairman of Come Tree International Co., Ltd.	Remuneration Committee Member of G-Tech Optoelectronics Corp. CPA of Kang Chu Accounting Firm Independent Director and Remuneration Committee Member of Carilex Medical, Inc. Independent Director and Remuneration Committee Member of Better Life Group Independent Director and Remuneration Committee Member of Trust-Search Corp. Ltd. Chairman of TEKCORE CO., LTD.	
Independent director	Wu, Chun- Feng	Male 51-60 years old	2023.06.21	3 years	2017.06.14	—	—	—	—	—	—	Graduated from the Department of Communication Management, Shih-Hsin University. Manager of The Liberty Times (Taoyuan Hsinchu Miaoli Districts) Vice President of Winbond Advertising Co., Ltd.	Remuneration Committee Member of G-Tech Optoelectronics Corp. Responsible Person of Jing Cheng Marketing Co., Ltd. Vice President of Winbond Advertising Co., Ltd.	
Independent director	Yang, Ming-Szu	Male 51-60 years old	2023.06.21	3 years	2020.06.18	—	—	—	—	—	—	Secretary-General/Deputy Secretary-General of Shanghai University of Finance and Economics, Taiwan Alumni Association Director & Deputy Secretary-General of Shanghai University of Finance and Economics, Shanghai Alumni Association Academic Advisor of New Taipei City Industrial Elite Consultant Free Clinic Advanced Service Team Executive Secretary of Cross-Strait Financial Securities Summit Forum Project	Remuneration Committee Member of G-Tech Optoelectronics Corp. Part-time lecturer for Chihlee University of Technology Associate Professor of Fuzhou Institute of Technology Independent Director and Remuneration Committee Member of Leader Electronics Inc. Remuneration committee member of Huang Hsiang Construction Co., Ltd.	

Title	Name	Gender Age	Date elected (appointed)	Tenure	Date first elected	Shareholding at the time of election		Current shareholding		Current shareholding by spouse or minor children		Major career (academic) background	Concurrent positions in the Company or other companies	Remarks
						Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			
												Head of Information Service Department and manager of Data Application Department and Project Management Department for Fubon Financial Holdings Special lecturer for National Taipei University of Business, Shih Chien University, and China University of Technology Executive Director/Project Chief Executive of Chinese Elite Club		
Independent director	Wen-He Chen	Male 61-70 years old	2023.06.21	3 years	2323.06.21	—	—	—	—	—	—	MBA, Chung Yuan Christian University Qualification for Certified Public Accountant Lecturer at Chung Yuan Christian University Senior Specialist of Computer Office, Audit Office and Public Listing Department of Taiwan Stock Exchange Corporation CFO of CyberTAN Technology Inc. Chairman of Hapa Acoustics Inc.	Remuneration Committee Member of G-Tech Optoelectronics Corp. Independent Director of Tex-Ray Industrial Co., Ltd. (Starting from 2024.6)	

Note 1: Nationality or place of registration: All directors of the Company are R.O.C. (Taiwan) citizens.

Note 2: Shares held by directors under the name of others: None.

Note 3: Directors having relationship of spouse or relative within second degree of kinship with other officers or directors: None.

Note 4: If the Company chairman, president, or equivalent title holder (top manager) is the same person or a spouse or relative within the first degree of kinship, please explain information related to the reason, rationality, necessity, and corresponding measures (for example, increasing the number of independent directors whereby over half of the directors have never concurrently served as employees or managers):

After the Company's president retired on July 31, 2018, the chairman of the Board of Directors was appointed after careful evaluation by the Board of Directors to concurrently serve as the president. This resolution has not only strengthened operating efficiency in recent years, but also improved the policy decision and decision-making efficiency for the Company's Board of Directors. However, to implement corporate governance, the Company has increased the number of independent directors during the election of directors in 2023. Presently, the number of independent directors has exceeded more than half of the total number of directors, and the Company also ensures that more than half of the members of the Board of Directors are not employees or managerial officers, in order to enhance functions of the Board of Directors and strengthen effectiveness of supervision.

At present, the Company has formulated the following specific measures:

- (1) At present, independent directors comprised of financial accounting and industry specialists who can provide industry outlook-related advice and effectively perform accounting supervision functions.
- (2) In addition to cooperating with the requirements for continuous education for directors and supervisors every year, directors are also arranged to participate in the annual corporate governance forum in order to enhance the board of directors' performance.

1. Major shareholders of corporate shareholders: None.
2. Major shareholders of major corporate shareholders: Not applicable.

3. Disclosure of professional qualification of directors and independence of independent directors:

Condition Name	Professional qualification and experience	Independence	Number of listed companies where the person concurrently serves as independent director
Chung, Chih-Ming	<p>With more than 5 years of work experience in the optoelectronics/glass industries and necessary for the Company's businesses. Ever served as President of Chin Ming Glass Co., Ltd., legal representative of the President of Hongda Photoelectric Glass (Dongguan) Co., Ltd., director of Well State Optoelectronics Limited and legal representative of the President of Brave Advance International Corp.; Currently act as Chairman and President of Fast Achievement Global Ltd. and Chairman of Fast Achievement Global Ltd. None of the conditions listed in Article 30 of Company Act.</p>	<p>(1) Concurrently act as the President of the Company, and is a managerial officer. (2) Concurrently act as the Chairman of an affiliated enterprise (100% subsidiary) of the Company. (3) A top 10 natural person shareholder of the Company. (4) The rest complies with the independence requirements specified in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" announced by the Financial Supervisory Commission (FSC).</p>	0
Hsiao, Jen-Liang	<p>With more than 5 years of work experience in businesses and necessary for the Company's businesses. Currently serve as supervisor of Supervisor of Teh Tai Steel Co., Ltd., Chairman of Guang Liang Metals Industrial Co., Ltd. and Chairman of Kuang Liang Paper Co., Ltd. None of the conditions listed in Article 30 of Company Act.</p>	<p>(1) The two directors listed on the left are natural person directors. (2) During the first two years of the appointment and the term of office, the independence requirements specified in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" announced by the Financial Supervisory Commission (FSC) are complied. During the term of office of the director, the rights to participate in decision making and express opinions specified in Article 14-3 of the Securities and Exchange Act have been exercised properly, in order to exercise relevant authorities independently.</p>	0
Wang, Kuo-Hung	<p>With more than 5 years of work experience in businesses/electronics and necessary for the Company's businesses. Currently serve as Chairman of Chen Pang Blind Industrial Corporation, Chairman of Guoxiang Investment Limited, Corporate Director's Representative of Sinbon Electronics Co., Ltd. and Supervisor of Tang Silk Co., Ltd. None of the conditions listed in Article 30 of Company Act.</p>	<p>(1) The two directors listed on the left are natural person directors. (2) During the first two years of the appointment and the term of office, the independence requirements specified in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" announced by the Financial Supervisory Commission (FSC) are complied. During the term of office of the director, the rights to participate in decision making and express opinions specified in Article 14-3 of the Securities and Exchange Act have been exercised properly, in order to exercise relevant authorities independently.</p>	0
Huang, Kuo-Shih	<p>With more than 5 years of work experience in finance, accounting and businesses as well as those necessary for the Company's businesses; a professional who has passed the CPA exam and obtained the CPA certificate. Ever served as Audit Committee member of Committee member of CPA Associations R.O.C. (Taiwan), partner CPA of PwC Taiwan, supervisor of HOLA, Chairman of Miyuan Lehuo Co., Ltd. and independent director of Chimei Materials Technology Corp. Currently act as CPA of Kang Chu Accounting Firm, Independent Director and Remuneration Committee Member of Carilex Medical Inc., Independent</p>	<p>During the first two years of the appointment and term of office, all four independent directors listed on the left have complied with the requirements specified in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" announced by the Financial Supervisory Commission (FSC) and the qualification specified in Article 14-2 of the Securities and Exchange Act. In addition, all independent directors have exercised the rights to participate in decision making and express opinions specified in Article 14-3 of the Securities and Exchange Act properly, in order to exercise relevant authorities independently.</p>	3

Condition Name	Professional qualification and experience	Independence	Number of listed companies where the person concurrently serves as independent director
	<p>Director and Remuneration Committee Member of Better Life Group Co., Ltd., and Independent Director and Remuneration Committee Member of Trust-Search Corp., Ltd., Chairman of TEKCORE CO., LTD. None of the conditions listed in Article 30 of Company Act.</p>		
Wu, Chun-Feng	<p>With more than 5 years of work experience in businesses and necessary for the Company's businesses. Ever served as manager of The Liberty Times (Taoyuan Hsinchu Miaoli Districts) Currently act as the Responsible Person of Jing Cheng Marketing Co., Ltd., and Vice Present of Vice President of Winbond Advertising Co., Ltd. None of the conditions listed in Article 30 of Company Act.</p>		0
Yang, Ming-Szu	<p>With more than 5 years of work experience in businesses and necessary for the Company's businesses. Successively served as Secretary-General of Shanghai University of Finance and Economics, Taiwan Alumni Association, Director & Deputy Secretary-General of Shanghai University of Finance and Economics, Shanghai Alumni Association, Academic Advisor of New Taipei City Industrial Elite Consultant Free Clinic Advanced Service Team, Executive Secretary of Cross-Strait Financial Securities Summit Forum Project, Head of Information Service Department and manager of Data Application Department and Project Management Department for Fubon Financial Holdings, Executive Director/Project Chief Executive of Chinese Elite Club, Special Lecturer for National Taipei University of Business/Shih Chien University/China University of Technology Currently act as Part-time Lecturer at Chihlee University of Technology, Associate Professor of Fuzhou Institute of Technology, Independent Director and Remuneration Committee Member of Leader Electronics Inc., Remuneration Committee Member of Huang Hsiang Construction. None of the conditions listed in Article 30 of Company Act.</p>		1
Wen-He Chen	<p>With more than 5 years of work experience in finance, accounting and businesses as well as those necessary for the Company's businesses; a professional who has passed the CPA exam and obtained the CPA certificate.</p>		1

Condition Name	Professional qualification and experience	Independence	Number of listed companies where the person concurrently serves as independent director
	Previously acted as Lecturer at Chung Yuan Christian University, Senior Specialist of Taiwan Stock Exchange Corporation (Computer Office, Audit Office and Public Listing Department), CFO of CyberTAN Technology Inc., Chairman of Hapa Acoustics Inc. Currently acting as Independent Director of Tex-Ray Industrial Co., Ltd. None of the conditions listed in Article 30 of Company Act.		

4. Independence and diversity of the Board of Directors

Policy and objective for diversifying the Board of Directors:

Directors of the Company shall be elected by the candidate nomination system as specified in the Articles of Incorporation and with reference to Article 20 of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies. The election shall not be subject to gender, age, race and nationality. In addition, professional backgrounds, skills and industrial experience suitable for diversified development of the Company shall be taken into account in the election. To achieve ideal goals of corporate governance, the Board of Directors, as a whole, shall be capable of making judgments, accounting, dealing with financial affairs, carrying out business management, handling crises, mastering industry knowledge, holding international market perspectives, demonstrating leadership skills and making decisions. The Company emphasizes the gender equality of board members, and the goal is to increase the number of female directors by more than 2 seats.

Realization of the objective for keeping the Board of Directors independent and diversified:

The 12th term of the Board of Directors of the Company has 7 members, including 4 independent directors, accounting for 57%. The directors are equipped with the equipped background of businesses, optoelectronics, finance and legal respectively. In addition, they are professional in business management, leadership, decision-making, business judgment, crisis handling, industry knowledge and international market perspectives, etc. Diverse outcomes in complementation have been presented. Presently, the board members are all male directors. In the future, the Company will increase the number of female directors with best effort in order to achieve the goal. Only one board member concurrently acts as the managerial officer of the Company, and the ratio of director(s) equipped with the employee identity is 14%. In addition, the Audit Committee formed by independent directors replaces the supervisor system. Furthermore, directors of the Company are not in the relationship of spouse or relative within second degree of kinship, such that the independence of exercise of relevant authorities is complied. All board members have the nationality of R.O.C. (Taiwan, and the age range of directors is 51~70 years old.

Diverse projects		Basic conditions					Professional backgrounds/industry experiences				Professional abilities							
		Gender	Nationality	Age		Independent directors' term of office and seniority			Businesses	Legal affairs	Accounting	Industries related to the Company's businesses	Business management, leadership and decision-making	Business judgment and crisis handling	Accounting and financial analysis abilities	Industry knowledge	International market perspectives	
				51-60	61-70	Less than 3 years	3~9 years	More than 9 years										
Chairman	Chung, Chih-Ming	Male	Republic of China	√		Not applicable			√			√	√	√		√	√	
Director	Hsiao, Jen-Liang			√		Not applicable			√			√	√	√		√	√	
Director	Wang, Kuo-Hung				√	Not applicable			√			√	√	√		√	√	
Independent director	Huang, Kuo-Shih			√				√	√		√	√	√	√	√	√	√	√
Independent director	Wu, Chun-Feng			√			√		√			√	√	√		√	√	
Independent director	Yang, Ming-Szu			√			√		√	√		√	√	√		√	√	
Independent director	Wen-He Chen				√	√			√		√	√	√	√	√	√	√	√

Note: After the Company's president retired on July 31, 2018, the chairman of the Board of Directors was appointed after careful evaluation by the Board of Directors to concurrently serve as the president. This resolution has not only strengthened operating efficiency in recent years, but also improved the policy decision and decision-making efficiency for the Company's Board of Directors. However, to implement corporate governance, the Company has increased the number of independent directors during the election of directors in 2023. Presently, the number of independent directors has exceeded more than half of the total number of directors, and the Company also ensures that more than half of the members of the Board of Directors are not employees or managerial officers, in order to enhance functions of the Board of Directors and strengthen effectiveness of supervision.

At present, the Company has formulated the following specific measures:

- (1) At present, independent directors comprised of financial accounting and industry specialists who can provide industry outlook-related advice and effectively perform accounting supervision functions.
- (2) In addition to cooperating with the requirements for continuous education for directors and supervisors every year, directors are also arranged to participate in the annual corporate governance forum in order to enhance the board of directors' performance.

Reason for electing an independent director for 3 terms of office: Huang, Kuo-Shih has acted as the Company's independent director for 3 terms, in consideration that he is an finance professional, familiar with related laws and regulations, professionally experienced in corporate governance, able to create significant benefits for the Company, still capable of bringing his special skills into play and offering professional opinions on supervision of the Board of Directors in performing his duties as an independent director. Hence, during the election of directors in 2023, CPA Huang, Kuo-Shih was still nominated to act as the Company's independent director.

(II) Information of President, Vice President, Associate Vice President, Supervisors of Departments and Branches:

April 21, 2025

Title	Nationality	Name	Gender	Inauguration date	Shareholding		Shareholdings by spouse or minor children		Major career (academic) background	Current employment with other companies	Remarks
					Shares	Shareholding ratio	Shares	Shareholding ratio			
Chairman and President	Republic of China	Chung, Chih-Ming	Male	2018-08-10	3,227,038	1.73%	594,270	0.32%	Department of Optoelectronics, National United University President of Chin Ming Glass Co., Ltd. Corporate Director's Representative of Hongda Photoelectric Glass (Dongguan) Co., Ltd. Director of Well State Optoelectronics Limited Corporate Director's Representative of Brave Advance International Corp.	Chairman of G Tech Optoelectronics Chairman of Fast Achievement Global Ltd.	Note 1
Vice president and spokesperson	Republic of China	Chiu, Huo-Sheng	Male	2011-05-01	74,260	0.04%	—	—	Completed MBA credit class at Tamkang University Syntek Semiconductor Co., Ltd. Plant Director/Business Department Assistant Manager/Spokesperson Winbond Electronics Section Chief	Responsible Person of G-Tech Optoelectronics, Southern Taiwan Science Park Branch Corporate Director's Representative of Golden Start Global Corp Corporate Director's Representative of Charmtex Global Corp	
Vice President	Republic of China	Wang, Yao-Chang	Male	2018-08-01	113,766	0.07%	—	—	Department of Electrical Engineering of Vanung University Hon Hai CCPBG Senior Manager Deputy Manager of Hedi Optoelectronics Deputy Manager of Prodisc Technology Inc. Section chief of PENTAX	Chairman and President of Ruizhida Optoelectronics (Chengdu) Co., Ltd.	
Assistant Manager	Republic of China	Huang, Yung-Cheng	Male	2013-02-01	155,758	0.08%	—	—	College of Engineering, National Central University Deputy Project Manager of Genesis Technology, Inc. Project Manager of Sky Glory Consultants Limited	—	
Assistant Manager	Republic of China	Hsu, Hsien-Yi	Male	2008-03-07	108,263	0.06%	736	0.00%	Department of Electrical Engineering, Yuan Ze University Manager of Production, R&D, and Technology departments for Merck Performance Material	—	
Assistant Manager (R&D Director)	Republic of China	Tsai, Tsung-Tien	Male	2019-12-23	—	—	—	—	Master of Optoelectronics, National Central University Chief Engineer of Merck Optoelectronics Limited Deputy Manager of Xin An Liang Xin	—	
Assistant Manager	Republic of China	Wang, Ju-Wen	Male	2021-03-01	154,561	0.08%	—	—	Department of Printing, Chinese Culture University Manager of Hitto International INC.	—	
Assistant Manager	Republic of China	Lin, Hsing-Chiao	Male	2021-03-01	9,650	0.01%	—	—	Department of Mechanical Engineering, Yuan Ze University Director of Chen Yu Optoelectronic Deputy Director of Henghao Technology	—	
Assistant Manager	Republic of China	Kung, Zheng-Nien	Male	2024.04.01	13,013	0.01%	—	—	Department of Electrical and Air Conditioning, National Chin-Yi University of Technology Engineer, ITRI	—	
Special Assistant	Republic of China	Tsai, Yueh-Hsun	Male	2024.04.01	28,635	0.02%	7,000	0.00%	-Department of Chemical Engineering, Feng Chia University Deputy Director of Marketing Development, TPK Holding Co., Ltd. Assistant Vice President, KEE Ever BRIGHT Decorative Technology Co., Ltd.	—	
Assistant Manager	Republic of China	Hung, Yu-Te	Male	2024.04.01	16,084	0.01%	—	—	Department of Mechanical Engineering, National Kaohsiung University of Science and Technology Section Chief of Powertip Technology Corporation	—	

Title	Nationality	Name	Gender	Inauguration date	Shareholding		Shareholdings by spouse or minor children		Major career (academic) background	Current employment with other companies	Remarks
					Shares	Shareholding ratio	Shares	Shareholding ratio			
									Section Chief of Epson Taiwan Technology & Trading Ltd.		
Assistant Manager	Republic of China	Chung, Hsiang-Dao	Male	2024.04.01	4,503	0.00%	—	—	Department of Information Technology, Private Chien-Tai Senior High School Sales Manager of Bao Sheng Co., Ltd. Engineer of Metal Engineering, Duen Shin Technology Co., Ltd.	—	
Assistant Manager	Republic of China	Shi, Jun-nan	Male	2024.04.01	15,738	0.01%	—	—	Department of Mechanical Engineering, Chienkuo Technology University Manager of KEN SEAN INDUSTRIES CO., LTD. Manager of Lien Chang Li	—	
Assistant Manager	Republic of China	Sun, Kung-Yu	Male	2024.04.01	—	—	—	—	Southern Illinois University, Carbondale, USA Department Manager of Siliconware Precision Industries Co., Ltd. Assistant Vice Manager, Win International	—	
Assistant Manager (Finance, Accounting and Corporate Governance Officer)	Republic of China	Wu, Tai-Chiu	Male	2018-02-26	88,067	0.06%	—	—	MBA, Hawaii Pacific University Chang Chun Plastics Co., Ltd. Foreign risk management team, internal audit	Ruizhida Optoelectronics (Chengdu) Co., Ltd. Supervisor	

Note 1: Shares held under the name of others: None.

Note 2: Directors having relationship of spouse or relative within second degree of kinship with other officers or directors: None.

Note 3: If the Company chairman, president, or equivalent title holder (top manager) is the same person or a spouse or relative within the first degree of kinship, please explain information related to the reason, rationality, necessity, and corresponding measures (for example, increasing the number of independent directors whereby over half of the directors have never con-currently served as employees or managers):

After the Company's president retired on July 31, 2018, the chairman of the Board of Directors was appointed after careful evaluation by the Board of Directors to concurrently serve as the president. This resolution has not only strengthened operating efficiency in recent years, but also improved the policy decision and decision-making efficiency for the Company's Board of Directors. However, to implement corporate governance, the Company has increased the number of independent directors during the election of directors in 2023. Presently, the number of independent directors has exceeded more than half of the total number of directors, and the Company also ensures that more than half of the members of the Board of Directors are not employees or managerial officers, in order to enhance functions of the Board of Directors and strengthen effectiveness of supervision.

At present, the Company has formulated the following specific measures:

- (1) At present, independent directors comprised of financial accounting and industry specialists who can provide industry outlook-related advice and effectively perform accounting supervision functions.
- (2) In addition to cooperating with the requirements for continuous education for directors and supervisors every year, directors are also arranged to participate in the annual corporate governance forum in order to enhance the board of directors' performance.

II. Remunerations paid to directors, supervisors, president, and deputy general manager during the most recent year

(I) Remuneration for directors (including independent directors)

Unit: NT\$ thousand; %

Title	Name	Remuneration of Directors								The ratio accounted for by the total amount of A, B, C and D to the net profit after tax (%)		Related remuneration received by part-time employees								The ratio accounted for by the total amount of A, B, C, D, E, F and G to the net profit after tax (%)		Remuneration received from invested companies other than the subsidiaries and the parent company
		Returns (A)		Severance payment and pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Salaries, bonuses, special expenses, etc. (E)		Severance payment and pension (F)		Remuneration to employees (G)						
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
Chairman	Chung, Chih-Ming	432	432	0	0	0	0	0	0	432 -0.18%	432 -0.18%	5,810	5,810	0	0	0	0	0	0	6,242 -2.59%	6,242 -2.59%	None
Director	Hsiao, Jen-Liang	432	432	0	0	0	0	30	30	462 -0.19%	462 -0.19%	0	0	0	0	0	0	0	0	462 -0.19%	462 -0.19%	None
Director	Wang, Kuo-Hung	432	432	0	0	0	0	30	30	462 -0.19%	462 -0.19%	0	0	0	0	0	0	0	0	462 -0.19%	462 -0.19%	None
Independent Director	Huang, Kuo-Shih	432	432	0	0	0	0	80	80	512 -0.21%	512 -0.21%	0	0	0	0	0	0	0	0	512 -0.21%	512 -0.21%	None
Independent Director	Wu, Chun-Feng	432	432	0	0	0	0	80	80	512 -0.21%	512 -0.21%	0	0	0	0	0	0	0	0	512 -0.21%	512 -0.21%	None
Independent Director	Yang, Ming-Szu	432	432	0	0	0	0	80	80	512 -0.21%	512 -0.21%	0	0	0	0	0	0	0	0	512 -0.21%	512 -0.21%	None
Independent Director	Wen-He Chen	432	432	0	0	0	0	80	80	512 -0.21%	512 -0.21%	0	0	0	0	0	0	0	0	512 -0.21%	512 -0.21%	None

(I) The remuneration payment policies, systems, standards, and structure for independent directors as well as the relationship between the remuneration amounts and their duties, risks and tenure:

- (1) According to the Articles of Incorporation of the Company, for the remuneration of directors (including the Company's endorsements and guarantees), the Board of Directors is authorized to determine the payment based on the common standard adopted in the same industry.
- (2) The Articles of Incorporation of the Company also specifies that if the Company makes a profit during the year (the so-called profit refers to the pre-tax profit before the distribution of employee compensation and directors' compensation), no more than 0.1% shall be allocated for directors' remuneration. However, if the Company still has accumulated losses, profits shall be reserved for making up the accumulated losses first. As of the end of 2024, the Company has accumulated losses of NT\$581,144 thousand, and no remuneration of directors was allocated.
- (3) The amount paid by the Company to the independent directors includes the director's remuneration, transportation allowance and director's compensation. Self-review (or peer review) is performed by the Board of Directors in accordance with the "Regulations for Performance Evaluation of Board of Directors and Functional Committee" of the Company, in order to increase remuneration linkage.

(II) In addition to the disclosure listed in the table above, the remuneration received by the Company directors for services provided to all companies mentioned in the financial report in the most recent year: none.

(II) Remuneration for supervisors: N/A

(III) Remuneration for president and vice presidents

Unit: NT\$ thousand

Title	Name	Salary (A)		Severance payment and pension (B)		Bonuses, special expenses, etc. (C)		Remuneration to employees (D)				The ratio accounted for by the total amount of A, B, C and D to the net profit after tax		Remuneration received from invested companies other than the subsidiaries and the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Chung, Chih-Ming	5,349	5,349	0	0	461	461	0	0	0	0	5,810/-2.41%	5,810/-2.41%	None
Vice President	Chiu, Huo-Sheng	1,626	1,626	103	103	138	138	0	0	0	0	1,867/-0.78%	1,867/-0.78%	None
Vice President	Wang, Yao-Chang	1,804	1,804	103	103	142	142	0	0	0	0	2,049/-0.85%	2,049/-0.85%	None

(IV) Remunerations for the top five highest paid executives of the Company

Unit: NT\$ thousand

Title	Name	Salary (A)		Severance payment and pension (B)		Bonuses, special expenses, etc. (C)		Remuneration to employees (D)				The ratio accounted for by the total amount of A, B, C and D to the net profit after tax		Remuneration received from invested companies other than the subsidiaries and the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Chung, Chih-Ming	5,349	5,349	0	0	461	461	0	0	0	0	5,810/-2.41%	5,810/-2.41%	None
Vice President	Chiu, Huo-Sheng	1,626	1,626	103	103	138	138	0	0	0	0	1,867/-0.78%	1,867/-0.78%	None
Vice President	Wang, Yao-Chang	1,804	1,804	103	103	142	142	0	0	0	0	2,049/-0.85%	2,049/-0.85%	None
Senior Assistant Manager	Hsu, Hsien-Yi	2,436	2,436	108	108	192	192	0	0	0	0	2,731/-1.14%	2,731/-1.14%	None
Senior Assistant Manager	Lin, Hsing-Chiao	2,023	2,023	103	103	169	169	0	0	0	0	2,295/-0.95%	2,295/-0.95%	None

- (V) The names of managers who distribute the employee compensation in the most recent year and the distribution status:

As of the end of 2024, the Company has accumulated losses of NT\$581,144 thousand, and no employee compensation was allocated.

- (VI) Respectively compare and explain the ratio of after-tax net profit accounted for by the total amount of remuneration paid to the directors, supervisors, president, and vice presidents of the Company in the last two years by the Company and all companies in the consolidated statement, and specify the relevance between the remuneration payment policies, standards and combinations, remuneration setting procedures, operating performances, and future risks.
1. Analysis on ratio of after-tax net profit in the standalone financial reports accounted for by the total remuneration amount to the Company's directors, supervisors, president and vice presidents in the last two years:

Item	Year	2023		2024	
		The Company	All companies in the financial report	The Company	All companies in the financial report
Total remuneration to directors		3,148	3,148	3,404	3,404
Ratio of after-tax net profit accounted for by the total remuneration amount paid to directors (%)		-2.67%	-2.67%	-1.41%	-1.41%
Total supervisor remuneration		0	0	0	0
Ratio of after-tax net profit accounted for by the total remuneration amount paid to supervisors (%)		-	-	-	-
Total remuneration for president and vice presidents		8,344	8,344	9,726	9,726
Ratio of after-tax net profit accounted for by the total remuneration amount paid to the president and vice presidents (%)		-7.08%	-7.08%	-4.04%	-4.04%

2. Policy, standard and combination for payment of remuneration, establishment of procedure of remuneration, and correlation between the business performance and future risk:

- (i) Policy, standard and combination for payment of remuneration

- (1) Directors and Supervisors

According to the Articles of Incorporation of the Company, for the remuneration of directors (including the Company's endorsements and guarantees), the Board of Directors is authorized to determine the payment based on the common standard adopted in the same industry.

The Articles of Incorporation of the Company also specifies that if the Company makes a profit during the year (the so-called profit refers to the pre-tax profit before the distribution of employee compensation and directors' remuneration), no more than 0.1% shall be allocated for directors' remuneration. However, if the Company still has accumulated losses, profits shall be reserved for making up the accumulated losses first.

The amount paid by the Company to the independent directors includes the director's remuneration, transportation allowance and director's compensation. Self-review (or peer review) is performed by the Board of Directors in accordance with the "Regulations for Performance Evaluation of Board of Directors and Functional Committee" of the Company, in order to increase remuneration linkage.

- (2) President and vice presidents

The remuneration of the president and vice presidents includes salary, employee dividends, employee stock options, and new restricted shares for

subscription. Salary standards are based on contributions to the Company and reference to peer standards. The employee dividend distribution standard is based on the Company's Articles of Incorporation, submitted to the Remuneration Committee for deliberation, and then issued after the proposal has passed the board of directors or shareholders meeting resolution. The issuance standards for employee stock options and new restricted shares for subscription shall be evaluated based on contributions to the Company and its future development. The total remuneration paid to the president and vice presidents in 2023 and 2024 was NT\$8,344 thousand and NT\$9,726 thousand respectively. They accounted for 7.08% of the after-tax net loss of NT\$315,593 thousand in 2023 and 4.04% of the after-tax net loss of NT\$240,759 thousand in 2024 respectively.

In sum, the Company's policy for the remuneration of directors, president, and vice presidents as well as the remuneration setting procedures are reasonable.

(3) Managers

The remuneration of managerial officers is determined according to the "Salary Management Procedure" of the Company and based on the job position, personal function and professional competence along with the consideration of the standard adopted in the same industry. In addition, the personal evaluation result conducted according to the "Performance Evaluation Procedure" is used as the basis and the result is also linked to the Company's business performance indicators, including department performance, annual revenue of the Company, ESG sustainable development performance result and risk control as the reference items for the change of remuneration.

(ii) Correlation between remuneration evaluation and business performance

Relevant remuneration performance evaluation and reasonableness for directors and managerial officers of the Company are reviewed and approved by the Remuneration Committee and the Board of Directors. In addition, the remuneration system is also reviewed according to the actual condition of business and amendments of relevant laws and regulations timely, in order to ensure the competitiveness of the salaries provided by the Company.

(iii) Correlation with future risk

For important decisions made by the management of the Company, various risk factors are considered in advance, and the performance of relevant decisions are reflected in the profit status of the Company, in order to control the remuneration of the management and relevant risks. The Company has established the Risk Management Committee, formed by all business units, and reporting the risk management implementation result to the Audit Committee and Board of Directors periodically, in order to achieve the link between the business performance and future risk management.

III. Corporate governance operation status

1. Board of directors' operation status

In the most recent year (2024), a total of 6 (A) Board of Directors' meetings were convened, and the attendance status of directors is as follows:

Title	Name	No. of actual attendances (in nonvoting capacity) (B)	No. of attendances by proxy	Actual attendance rate in nonvoting capacity (%) (B/A)	Remarks
Chairman	Chung, Chih-Ming	6	—	100.00%	—

Title	Name	No. of actual attendances (in nonvoting capacity) (B)	No. of attendances by proxy	Actual attendance rate in nonvoting capacity (%) (B/A)	Remarks
Director	Hsiao, Jen-Liang	6	—	100.00%	—
Director	Wang, Kuo-Hung	6	—	100.00%	—
Independent director	Huang, Kuo-Shih	6	—	100.00%	—
Independent director	Wu, Chun-Feng	6	—	100.00%	—
Independent director	Yang, Ming-Szu	6	—	100.00%	—
Independent director	Wen-He Chen	6	—	100.00%	—

Other matters to be recorded:

- Where the operation of a board meeting is subject to one of the following, the board meeting date, session, proposal content, opinion of all independent directors and Company's handling for the opinions of independent directors shall be described: The Company has established the Audit Committee, such that the provision of Article 14-3 of the Securities and Exchange Act is not applicable. Please refer to "Audit Committee Operation Status" of this annual report for relevant information.
- In case of recusal of directors due to conflict of interest, the directors' names, the content of the proposals, the reasons for the recusal and the circumstances of their participation in voting must be noted:

Director	Board of directors meeting date and period	Agenda	For interest avoidance	Participation in voting
Chung, Cih-Ming Chairman	May 10, 2024 7th Meeting of the 12th Term	Proposal on formulating the Company's 2024 measures for retaining the employees' subscription by capital increase in cash and distributing the subscribed shares to the senior managers	The director who didn't participate acts as President of the Company because of interest	The director didn't participate in voting and the proposal was passed with the approval of all other directors present
Chung, Cih-Ming Chairman	December 13, 2024 11th Meeting of the 12th Term	Proposal for formulating the 2024 2nd measures for retaining the employees' subscription by capital increase in cash and distributing the subscribed shares to the senior managers. 2024 Year-end Bonus Expected Distribution Amount	The director who didn't participate acts as President of the Company because of interest	The director didn't participate in voting and the proposal was passed with the approval of all other directors present

- The Board of Directors of the Company has approved the "Regulations for Performance Evaluation of Board of Directors and Functional Committees" on November 11, 2021, specifying that the Board of Directors shall conduct performance evaluation on the Board of Directors, Board members, Remuneration Committee and Audit Committee at least once annually. For the internal evaluation, performance evaluation of the current year shall be conducted according to these Regulations during the end of each year. The 2024 performance evaluations of the Board of Directors and functional committees were completed in February 2025, and reported to the Board of Directors on March 7, 2025.

Evaluation cycle	Execute once per year			
Evaluation period	January 1, 2024 - December 31, 2024			
Evaluation scope	Self evaluations of the Board of Directors, its members and functional committees			
Evaluation method	Board of Directors	Members of the Board of Directors	Audit Committee	Remuneration Committee
Evaluation	A. Degree of	A. Degree of	A. Degree of	A. Degree of

content	<p>participation in the Company's operations</p> <p>B. Improvement of the quality of the board of directors' decision making</p> <p>C. Composition and structure of the board of directors</p> <p>D. Selection and continuing education of directors.</p> <p>E. Internal control</p>	<p>participation in the Company's operations</p> <p>B. Improvement of the quality of the board of directors' decision making</p> <p>C. Composition and structure of the board of directors</p> <p>D. Selection and continuing education of directors</p> <p>E. Internal control</p>	<p>participation in the Company's operations</p> <p>B. Recognition of the Audit Committee's responsibilities</p> <p>C. Improvement of the quality of the Audit Committee's decision-making</p> <p>D. Composition and member selection of the Audit Committee</p> <p>E. Internal control</p>	<p>participation in the Company's operations</p> <p>B. Understanding of the Remuneration Committee's responsibilities</p> <p>C. Improvement of the quality of the Remuneration Committee's decision-making</p> <p>D. Composition and member selection of the Remuneration Committee</p>
Evaluation results	<p>For the evaluation results, there are 38 items of "extremely excellent (5)" and 7 items of "excellent (4)", indicating that the Board of Directors has fulfilled the responsibility of guiding and supervising the Company's strategy, major business and risk management, and is able to establish appropriate internal control systems. The overall operation complies with the corporate governance requirements, effectively strengthens the function of the Board of Directors and protects the rights and interests of the shareholders.</p>	<p>1 "excellent (5)" item and 22 "good (4)" items. This suggests that the directors positively commented on the efficiency and effectiveness of all index operations.</p>	<p>There are 18 items of "extremely excellent (5)" and 4 items of "excellent (4)", indicating that the overall operation of the Audit Committee is proper and complying with corporate governance requirements, such that the function of the Board of Directors is effectively enhanced.</p>	<p>16 "excellent (5) items and 5 "good (4)" items. This suggests that the overall operations of the Remuneration Committee were relatively sound, satisfied the requirements for corporate governance and effectively enhanced roles of the Board of Directors.</p>

4. The objectives for strengthening the board of directors' functions in the current and most recent year (i.e., establishing an audit committee, improving information transparency, etc.), and implementation status evaluation:

- i. The Company has conducted the re-election of all directors and further established the Audit Committee during the General Shareholders' Meeting on June 21, 2023, and the number of independent directors accounted for 57% of all directors, such that the function of the Board of Directors of the Company is advantageously enhanced.
- ii. The information on the directors' continuing education in 2024 is as follows:

Title	Name	Training date	Course name	Hours of continuing education
Director	Wang, Kuo-Hung	October 22, 2024	Labor dispute and corporate governance	3
			New momentum for corporate sustainability: how to review corporate long-term value in the capital market	3
	Huang, Kuo-Shih	February 26, 2024	Corporates' nature-based solutions	6

Independent director		March 6, 2024	Greenhouse gas inventory practice (Part 1)	3
		March 7, 2024	Accounting system exchange and sharing seminar	3
		April 3, 2024	Guidance on new version of the audit procedure	3
		April 16, 2024	Introduction on employee remuneration tools	3
Independent director	Yang, Ming-Szu	May 29, 2024	ESG sustainable development and carbon emission challenges	3
		August 23, 2024	Practice of non-consensus merger and acquisition and corporate governance issues	3
Independent director	Wen-He Chen	July 3, 2024	2024 Cathay Sustainable Finance and Climate Change Summit	6

2. Operating status of the Audit Committee or supervisors' involvement in operation of the board of directors:

Operations of the Audit Committee:

- i. Duties of the Audit Committee:

Duties and authorities of the committee are as follows:

- ①. Formulated or amended the internal control system according to Article 14-1 of the Securities Exchange Act.
- ②. Evaluated effectiveness of the internal control system.
- ③. Formulated or amended the procedures for material financial business practices (including acquiring or disposing of assets, engaging in derivative transactions or offering endorsement or guarantee to others) according to Article 36-1 of the Securities Exchange Act.
- ④. Matters on the directors' interests.
- ⑤. Material asset or derivative transactions.
- ⑥. Material fund lending, endorsement or guarantee.
- ⑦. Raising, issuance or private placement of negotiable securities with natures of equity.
- ⑧. Appointment, dismissal or remuneration of CPAs.
- ⑨. Appointment and removal of financial, accounting or internal audit executives.
- ⑩. Annual and semi-annual financial reports shall be signed or sealed by the chairman, executive officer and accounting officer.
- ⑪. Review risk management procedure, structure, and risk management implementation status, and report to the Board of Directors periodically.
- ⑫. Approve the risk appetite, risk control priority sequence and level.
- ⑬. Material matters specified by other companies or competent authorities.

- ii. Information on Audit Committee's operation status:

In the most recent year (2024), the Audit Committee held 6 (A) meetings, where the independent directors' attendance is as follows:

Title	Name	No. of actual attendances (in nonvoting capacity) (B)	No. of attendances by proxy	Actual attendance rate in nonvoting capacity (%) (B/A)	Remarks
Independent director	Huang, Kuo-Shih	6	—	100.00%	—
Independent director	Wu, Chun-Feng	6	—	100.00%	Convener
Independent director	Yang, Ming-Szu	6	—	100.00%	—
Independent director	Wen-He Chen	6	—	100.00%	—

Other matters to be recorded:

- Under any of the following circumstances of the Audit Committee, specify the meeting date, session number, proposal content, independent directors’ objections, qualified opinions or major suggestions, resolution results of the Audit Committee, and responses to the opinions of the Audit Committee:
- Matters specified in Article 14-5 of the Securities and Exchange Act:

Audit Committee date, period	Agenda	Independent directors’ objections, reservations or material suggestions	Audit Committee’s resolution results and the Company’s response to independent directors’ opinions		
March 10, 2024 5th Meeting of 2nd Term	Proposal for 2023 annual business report and financial report.	None	The Audit Committee members unanimously approved all proposals, and the board of directors approved all proposals in accordance with the recommendations of the Audit Committee.		
	Proposal for the Company’s 2023 “Internal Control System Effectiveness Evaluation” and “Statement of Internal Control System”.				
	Proposal on base date of issuing employee stock options in exchange for new shares of the Company for capital increase in Q4, 2023				
	Proposal by the Company not to proceed with the private placement of ordinary shares approved by the 2023 shareholders’ meeting.				
	Proposal for 2024 evaluation on independence and competence of CPAs				
	Proposal for the 2024 cash capital increase with issuance of new shares				
	Proposal to issue new shares for cash capital increase.				
	Proposal to execute the private placement of ordinary shares.				
May 10, 2024 6th Meeting of 2nd Term	2024 Q1 Financial statements			None	The Audit Committee members unanimously approved all proposals, and the board of directors approved all proposals in accordance with the recommendations of the Audit Committee.
	Proposal on base date of issuing employee stock options in exchange for new shares of the Company for capital increase in Q1, 2024				
	Proposal on the establishment of relevant schedule of the base date for 2024 cash capital increase in cash, etc.				
	Proposal on formulating the Company’s 2024 measures for retaining the employees’ subscription by capital increase in cash and distributing the subscribed shares to the senior managers				
	Proposal for amendment to the internal control system “CE-1000-G Computerized Information System”				
August 8, 2024 7th Meeting of 2nd Term	Proposal for amendment to parts of the provisions of “Regulations Governing Board of Directors Meetings and Operations FP51-0006-G” of the Company.	None	The Audit Committee members unanimously approved all proposals, and the board of directors approved all proposals in accordance with the recommendations of the Audit Committee.		
	Proposal for pre-approval of non-assurance service provided by CPA firm to the Company and subsidiaries				
	Proposal for amendment to parts of the provisions of the “Regulations for Personal Information Protection” of the Company				
	Proposal for amendment to parts of the provisions of “Regulations Governing Financial and Non-financial Information”				
	Proposal for amendment to parts of the provisions of the Company’s “Internal Control Design Instructions”				
	Proposal for amendment to parts of the provisions of the Company’s “Internal Control Audit Implementation Rules”				
	Proposal for amendment to parts of the provisions of the Company’s “Self-evaluation Operation Procedure”				
November 8, 2024 8th Meeting of 2nd Term	2024 Q3 Financial statements				
	Proposal on base date of issuing employee stock options in exchange for new shares of the Company for capital increase in Q3, 2024				
	Proposal for amendment to parts of the provisions of the “Audit Committee Charter”				

Audit Committee date, period	Agenda	Independent directors' objections, reservations or material suggestions	Audit Committee's resolution results and the Company's response to independent directors' opinions
	Proposal for amendment parts of the provisions of the Company's "Regulations for the Rules of Procedure for the Audit Committee"		
	Proposal for amendment parts of the provisions of the Company's "Regulations for the Rules of Procedure for the Board of Directors"		
November 20, 2024 9th Meeting of 2nd Term	Proposal to issue new shares for cash capital increase.		
December 13, 2024 10th Meeting of 2nd Term	2025 internal audit plan Proposal for execution of 2024 2nd time of cash capital increase with issuance of new shares Proposal for formulating the 2024 2nd measures for retaining the employees' subscription by capital increase in cash and distributing the subscribed shares to the senior managers.		
March 7, 2025 12th Meeting of 2nd Term	Proposal for 2024 annual business report and financial report. Proposal for the Company's 2024 "Internal Control System Effectiveness Evaluation" and "Statement of Internal Control System". Proposal by the Company not to proceed with the private placement of ordinary shares approved by the 2024 shareholders' meeting. Proposal for 2024 evaluation on independence and competence of CPAs Proposal to execute the private placement of ordinary shares.		

- In addition to the aforementioned matters, other matters that have not been approved by the Audit Committee but approved by over two-thirds of all directors: none.
 - In case of recusal of independent directors due to conflict of interest, independent directors' names, the content of the proposals, the reasons for the recusal, and the circumstances of their participation in voting must be noted: None.
 - Communication status between independent directors and internal audit officer and CPAs

1. Policies for communicating with the internal audit officer:

Monthly: the audit organization shall perform audit according to the Internal Control Audit Plan approved by the board of directors and the audit committee. After presentation of the audit results for verification, the Internal control audit report shall be delivered to the independent directors for review.

Quarterly: the audit officer shall attend the Audit Committee meeting to report the audit businesses to the Audit Committee.

Annually: the audit officer shall attend the Audit Committee meeting to draft and determine the next year's "Annual Internal Control Audit Plan" according to risk evaluation results; prepare the preceding year's "Self-evaluation Report on Internal Audit" and "Statement on Internal Control System" based on departments' self-inspection results of their internal control system.

2. Information on communications with the internal audit supervisor

Date	Communication methods	Communicated matters	Suggestions and results
March 5, 2024	Informal discussions before a meeting	Reviewed the Company's 2023 "Internal Control System Effectiveness Evaluation" and "Statement of Internal Control System". Reviewed the Company's audit implementation	Known, without opinion. Approved by the Review Committee upon review and presented to the board

		status report for 4th quarter of 2023.	of directors.
May 10, 2024	Informal discussions before a meeting	Reviewed the Company's audit implementation status report for the 1st quarter of 2024.	Known, without opinion.
August 8, 2024	Informal discussions before a meeting	Reviewed the Company's audit implementation status report for the 2nd quarter of 2024.	Known, without opinion.
November 8, 2024	Informal discussions before a meeting	Reviewed the Company's audit implementation status report for the 3rd quarter of 2024.	Known, without opinion.
December 13, 2024	Informal discussions before a meeting	Reviewed the Company's 2025 internal audit plan.	Known, without opinion.

● Information on communications between independent directors and accountants:

1. Communication policies

The Company's CPAs summarize information on the communication matters related to the audit planning, key audit matters and other relevant regulatory requirements for further communication and discussion with the independent directors. In addition, when the CPAs consider that there are matters requiring independent communication, meetings may also be convened irregularly for communication at any time.

2. Information on communication

Date	Communication methods	Communicated matters	Suggestions and results
February 2, 2024	Video conference meeting	Group audit planning and scope. 2023 key audit matters. Summary of recent updates of the auditing standards. Update of important laws and regulations.	Known, without opinion.

Supervisors' involvement in the operation of the Board of Directors: NA.

3. The Company's corporate governance operation status, deviation from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies," and the reasons

Assessment item	Operating status			Deviation from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and the reasons.
	Yes	No	Summary description	
I. Has the Company established and disclosed a code of practice for corporate governance pursuant to the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies?"	✓		The Company's board of directors has passed a resolution on March 26, 2015, to formulate the "Code of Practice for Corporate Governance" and submitted a report to the 2015 general shareholders meeting. The relevant content can be found in the corporate governance area of the Market Observation Post System.	No difference.
II. Company shareholding structure and shareholders' equity				No difference.
(I) Has the Company established internal operating procedures to handle shareholder suggestions, doubts, disputes, litigation matters and implemented them in accordance with the procedures?	✓		(I) The Company has established the Stock Affairs Management Method and appointed dedicated personnel (spokesperson, proxy spokesperson, stock affairs, etc.) to deal with shareholder suggestions, doubts, disputes and other issues. Moreover, if legal issues are involved, the legal affairs unit shall be requested to provide assistance.	
(II) Does the Company have a list of the major	✓		(II) The Company has a good grasp of the list of major shareholders and the controlling parties	

Assessment item	Operating status			Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons.
	Yes	No	Summary description	
shareholders who actually control the Company as well as the ultimate controlling party of the major shareholders?			of the major shareholders according to the shareholders register list on the closing date.	
(III) Has the Company established and implemented risk control and firewall mechanisms between related companies?	✓		(III) The Company has formulated the “Affiliate and Group Enterprise Transaction Handling Method” and “Subsidiary Monitoring Operation Method”, which are controlled in accordance with the Company’s internal control system.	
(IV) Has the Company established internal regulations to prohibit insiders from using undisclosed information on the market to buy and sell securities?	✓		(IV) The Company has established the “Important Internal Information Handling and Insider Trading Prevention Procedures” to prevent the occurrence of insider trading.	
III. Composition and responsibilities of the Board of Directors				No difference.
(I) Does the board of directors draft and implement diversified policies and specific management objectives?	✓		(I) The Company’s directors, who are professional in businesses, optoelectronics, civil engineering, accounting, finance and legal, etc., can provide diverse opinions at the board of directors to improve operations. For details, refer to Page 5~7.	
(II) Has the Company voluntarily established various other functional committees in addition to the Remuneration Committee and the Audit Committee according to the law?	✓		(II) In addition to the establishment of the Remuneration Committee in accordance with the law, the Company will establish a comprehensive supervision mechanism, strengthen management functions, and consider the competent authority’s recommendations to add additional functional committees in the future based on the Company’s operational needs.	
(III) Has the Company established the Board performance assessment measure and evaluation method, implemented performance evaluation annually and regularly, reported the results of the performance evaluation to the Board of Directors, and applied the results to individual directors’ remuneration and nomination for consecutive terms of office?	✓		(III) The Company’s Board of Directors has approved the “Regulations for Performance Evaluation of Board of Directors and Functional Committees” on November 11, 2021, in order to review the performance evaluation of the Board of Directors periodically according to the requirements. Internal self-evaluation of the Board of Directors, self-evaluation of Directors, peer evaluation, appointment of external experts or other appropriate performance evaluation methods may be adopted for the evaluation. The evaluation items of the Board’s performance evaluation include the following five major aspects: i. Participation in the operation of the company. ii. Improvement of the quality of the board of directors’ decision making.	

Assessment item	Operating status			Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons.																											
	Yes	No	Summary description																												
(IV) Does the Company regularly assess the independence of CPAs?	√		<p>iii. Composition and structure of the board of directors;</p> <p>iv. Selection and continuing education of directors.</p> <p>Internal control.</p> <p>The Company has completed the 2024 self-evaluation on the performance the Board of Directors, and the evaluation result has been submitted to the Board of Directors’ meeting on March 7, 2025 in order to be used as reference for future director selection or nomination as well as the remuneration of individual directors. For the evaluation result, please refer to Page 15 of this annual report.</p> <p>(IV) The Company’s Audit Committee assesses the independence and competence of CPAs retained annually, and the assessment result is also reported to the Board of Directors. In addition, where the CPAs have any direct or indirect conflict of interest on the entrusted matters, they also recuse themselves according to the laws and comply with the internal rules on job rotation. In addition to the obtaining of the “Audit Quality Indicator Report (AQI)” and statement of independence from the CPAs before assessment, assessment is also performed according to the standard indicated in the following table and the AQI indicators.</p> <p>The last assessment was discussed and approved by the Audit Committee on March 7, 2025, following which it was reported to the Board of Directors for resolution on the approval of the assessment on March 7, 2025.</p> <p>March 7, 2025, appraisal of the independence of the board of directors’ CPAs:</p> <table border="1"> <thead> <tr> <th>Assessment item</th> <th>Assessment result</th> <th>Compliance with independence</th> </tr> </thead> <tbody> <tr> <td>1. Does the CPA have a direct or significant indirect financial interest relationship with the Company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>2. Does the CPA have any loan or guarantee behavior with the Company or the directors of the Company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>3. Does the CPA have a close business relationship and potential employment relationship with the Company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>4. Has the CPA or their audit team members served as directors or managers of the Company or have a significant impact on the present audit work or in the last two years?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>5. Has the CPA ever provided the Company with non-audit service items that may directly affect the audit work?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>6. Has the CPA ever brokered stocks or other securities issued by the Company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>7. Has the CPA served as a defender of the Company or represented the Company to arbitrate conflicts with other third parties?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>8. Is the CPA related to the Company’s directors, managers or persons who have significant influence on the audit case?</td> <td>No</td> <td>Yes</td> </tr> </tbody> </table>	Assessment item	Assessment result	Compliance with independence	1. Does the CPA have a direct or significant indirect financial interest relationship with the Company?	No	Yes	2. Does the CPA have any loan or guarantee behavior with the Company or the directors of the Company?	No	Yes	3. Does the CPA have a close business relationship and potential employment relationship with the Company?	No	Yes	4. Has the CPA or their audit team members served as directors or managers of the Company or have a significant impact on the present audit work or in the last two years?	No	Yes	5. Has the CPA ever provided the Company with non-audit service items that may directly affect the audit work?	No	Yes	6. Has the CPA ever brokered stocks or other securities issued by the Company?	No	Yes	7. Has the CPA served as a defender of the Company or represented the Company to arbitrate conflicts with other third parties?	No	Yes	8. Is the CPA related to the Company’s directors, managers or persons who have significant influence on the audit case?	No	Yes	
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IV. Has the Company has appointed an appropriate number of competent corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing	√		As resolved by the board of directors on March 12, 2021, the Company appointed chief financial/accounting officer Wu, Tai-Chiu (Assistant Manager) to act as the Company’s governance officer, the top officer in charge of matters on the Company’s governance. Assistant Manager Wu, Tai-Chiu, with more than three years of work experience as internal audit and financial officer in a public entity, is qualified for acting as governance officer of the	No significant difference.																											

Assessment item	Operating status			Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons.
	Yes	No	Summary description	
reports as well as the monthly operating status within the prescribed deadline?			year in order to strengthen corporate governance.	
VIII. Does the Company have other important information helpful for understanding its corporate governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relationships, stakeholders’ rights, directors’ and supervisors’ continuing education, implementation of risk management policies and risk measurement standards, execution of customer policies, and the Company’s purchase of liability insurance for the directors and supervisors)?	√		<p>(I) Employee rights and care:</p> <ol style="list-style-type: none"> 1. In addition to providing employee labor insurance, national health insurance and allocating regular monthly pension in accordance with the law; the Company has also planned and purchased comprehensive group insurance for its employees. 2. Abundant education and training resources are provided such as regular internal and external training as well as learning courses. 3. Subsidies for leisure travel activities are provided to help employees properly plan leisure and entertainment activities. 4. Marriage, childbirth, birthday, and other gifts are provided, as well as funeral condolences. 5. To help employees satisfy their food, clothing, housing, and transportation needs; the Company provides staff restaurants, lounges, breastfeeding (milking) rooms, transportation vehicles, motorcycle parking lots and other facilities. 6. The physical and mental health of employees is important. Therefore, the Company provides employees with regular annual health checkups, irregular health lectures and forums, as well as full-time nursing staff and health management centers with resident physicians to offer health diagnosis and consultation to employees. 7. Employees are encouraged to study and enrich themselves during their spare time, and scholarships are provided to the children of employees. 8. The Company regularly purchases various types of books for employees to borrow in order to enhance the reading atmosphere. 9. The Company cares for employees and their family lives, and provides appropriate solutions for assistance according to the circumstances of individual cases to help employees solve their problems. If an employee encounters a major accident or emergency, the employee can apply to the Company for emergency relief to help solve their urgent needs. 10. The Welfare Committee of the Company considers it important for employees to find a balance between work and family life and has planned diverse activities each year such as employee family days suitable for the whole family to increase opportunities for 	No significant difference.

Assessment item	Operating status		Summary description	Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons.
	Yes	No		
			<p>employees to interact with their families. The Company also organizes theme activities during festivals to encourage employees to actively participate and relieve pressure from work.</p> <p>(II) Investor relations: The Company has established a comprehensive spokesperson system to handle shareholder suggestions, doubts and disputes, and has disclosed Company information according to the relevant laws and regulations in order to protect the rights and interests of investors and maintain good relations.</p> <p>(III) Supplier relations: The Company has established a stable supply chain under the principle of equality and mutual benefit, and formulated the “Safe Supply Chain Partnership Evaluation Standard Management Method” to ensure that the supplier quality, specifications and risk assessment meet the high-quality corporate safety review and verification standards and that all parties can jointly pursue sustainable operations.</p> <p>(IV) Rights of stakeholders: The Company has maintained smooth notification and communication channels with correspondent banks, employees, customers, and suppliers. The Company also respects and safeguards their rights and interests, and can quickly and properly respond to issues related to stakeholder concerns.</p> <p>(V) For information on Directors’ continuing education, please refer to Page 15~16 of this annual report.</p> <p>(VI) Risk management policies and risk measurement standards implementation status: The Company focuses on its core industry and complies with relevant laws and regulations in order to execute different policies to reduce and prevent any possible risks.</p> <p>(VII) Customer policy implementation status: the Company has designated personnel to maintain regular communication channels between the Company and its customers. The goals are to grasp customer dynamics at all times and ensure the best interests of all parties via a good negotiation mechanism. In addition, the Company also uses annual customer satisfaction surveys to obtain feedback from customers and conduct self-review in 4 areas: quality, delivery deadline, services and processing capability.</p> <p>(VIII) Circumstances in which the Company purchases liability insurance for directors and supervisors:</p>	

Assessment item	Operating status			Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons.								
	Yes	No	Summary description									
			<table border="1"> <thead> <tr> <th>The insured</th> <th>Insurance company</th> <th>Insured amount</th> <th>Insurance period</th> </tr> </thead> <tbody> <tr> <td>All directors and supervisors</td> <td>Chubb Limited</td> <td>US\$5,000,000</td> <td>From January 1, 2025 To January 1, 2026</td> </tr> </tbody> </table> <p>At the meeting of the Board of Directors on January 10, 2025, the Company reported its purchase of liability insurances for the directors and the managers. Explanation: According to the Company’s Articles of Incorporation and Corporate Social Responsibility Best Practice Principles, the Company has purchased the “Chubb Limited Elite No. 5 Liability Insurance for Directors and Supervisors and Important Employees” effective from January 1, 2025, to January 1, 2026, in order to reduce and disperse the risk of major damages to the Company and shareholders due to errors or negligence from directors, supervisors, and managers. Important contents such as insurance evaluation comparison, insured amount, coverage and insurance premium rate are listed in this report.</p>	The insured	Insurance company	Insured amount	Insurance period	All directors and supervisors	Chubb Limited	US\$5,000,000	From January 1, 2025 To January 1, 2026	
The insured	Insurance company	Insured amount	Insurance period									
All directors and supervisors	Chubb Limited	US\$5,000,000	From January 1, 2025 To January 1, 2026									

IX. Please explain the improvement status regarding the corporate governance evaluation results from the TWSE Corporate Governance Center announced in the most recent year, and propose priority improvement items and measures for items that have not been improved:

- The Company’s evaluation result in 2023 was ranked 51% to 65% among all evaluated companies, which was comparable to the result in 2023. The 2025 evaluation indicator improvement status is as follows:
 - To enhance the supervision function of the Board of Directors, during the re-election of the directors in 2023, one additional independent director has been added to the Board of Directors.
 - To strengthen information disclosure, the Company’s objectives and strategies on energy conservation, carbon emission reduction, and reduction of greenhouse gases or wastes as well as their implementation will be disclosed in the annual report and the Market Observation Post System website.
 - The Company has established human rights protection policies and specific management plans according to the International Bill of Human Rights and has also disclosed relevant policies and implementation status on the Company’s website.
 - The Board of Directors assesses the independence and competence of the CPAs according to the assessment quality indicators (AQIs).
- Future improvements are as follows:
 - (I) To increase information transparency, information disclosure in the Company’s website and annual reports will be constantly strengthened.
 - (II) During the re-election of directors, the number of female directors is to be increased.
 - (III) To maintain the professionalism and experience of the Board members and senior management, the Board member diversity policy is disclosed on the Company’s website and annual report. In addition, the succession plan for the Board members and important management will also be established.
 - (IV) To facilitate investors to understand the content of the shareholders' meeting in a more diverse manner, it is evaluated to upload audio recording and videos after the shareholders' meeting.
 - (V) For the corporate ethical management policy a, prevention plans as well as supervision and implementation, the operation and implementation status shall be reported to the Board of Directors.

4. Components, duties and operations of the Remuneration Committee:

- i. Information on Remuneration Committee members:

Identity	Criteria		Professional qualification and experience	Independence	Number of publicly listed companies where the member concurrently serves as Salary and Remuneration Committee member
	Name				
Committee member	Huang, Kuo-Shih		Independent director; for information on his professional qualification, experience and independence, please refer to Page 7.		3
Committee member	Wu, Chun-Feng				0
Convener	Yang, Ming-Szu				2
Committee member	Wen-He Chen				0

ii. Duties of the Remuneration Committee:

The Company has set up the Remuneration Committee. On August 7, 2020, it amended the management measures for operations of the Remuneration Committee in combination with setup of the Audit Committee and the actual needs. The Remuneration Committee is mainly responsible for formulating and reviewing performance evaluation and remuneration policies, rules, standards and structures for directors and managerial officers. It shall exercise the following powers and submit proposals to the Board of Directors for discussion:

- (1) Evaluating and supervising the Company's overall supervision policy.
- (2) Evaluating and approving the remuneration levels of directors.
- (3) Evaluating and approving the remuneration levels of the Company's managerial officers.
- (4) Reviewing the remuneration of directors and senior managerial officers on an irregular basis according to factors of the Company's objectives, operating performance, and competitive environment.
- (5) For the remuneration of directors and managerial officers of the Company's subsidiaries, if the decision-making matters are subject to the approval of the Company's Board of Directors according to the subsidiary's hierarchical responsibilities, the Remuneration Committee must make recommendations and submit them to the Board of Directors for discussion.

iii. Information on operations of the Remuneration Committee:

(I) The Company's Remuneration Committee consists of 4 members.

(II) Term of office for current members: From June 21, 2023 to June 20, 2026. A total of 4 (A) Remuneration Committee meetings were convened in the most recent year (2024), and the qualifications and attendance of the members are as follows:

Title	Name	No. of actual attendances (B)	No. of attendances by proxy	Actual attendance rate (%) (B/A)	Remarks
Committee member	Huang, Kuo-Shih	4	—	100.00%	—
Committee member	Wu, Chun-Feng	4	—	100.00%	—
Convener	Yang, Ming-Szu	4	—	100.00%	—
Committee member	Wen-He Chen	4	—	100.00%	—

Other matters to be recorded:

I. If the Board of Directors does not adopt or amend the Remuneration Committee's recommendations, the date of the Board of Directors meeting, the period, the content of the proposal, the results of the Board of Directors' resolutions, and the Company's handling of the Remuneration Committee's opinions must be noted (for instance if the remuneration approved by the Board of Directors is better than the recommendation of the Remuneration Committee, the difference and reason thereof shall be disclosed): None.

II. For the resolutions of the Salary and Remuneration Committee, if members have objections or reservations and made records or written statements, the Salary and Remuneration Committee's meeting date, period, proposal content, all members' opinions and the Company's handling of the Salary and Remuneration Committee's opinions must be noted: none.

iv. Information on the Remuneration Committee's meetings, review and evaluation of the Company's remuneration in the most recent year (2024) is as follows:

Remuneration Committee Date and period	Agenda	Resolution results and the Company's response to the Remuneration Committee's opinions
March 5, 2024 2rd Meeting of 5th Term	Proposal for appointment of insiders of the Company	<ol style="list-style-type: none"> All proposed were approved by all members of the Remuneration Committee present at the meeting; All directors present approved all proposals as per suggestions of the Remuneration Committee.
May 10, 2024 4th Meeting of 5th Term	Proposal on formulating the Company's 2024 measures for retaining the employees' subscription by capital increase in cash and distributing the subscribed shares to the senior managers	
August 8, 2024 5th Meeting of 5th Term	Proposal for the adjustment of remuneration of managerial officers of the Company.	
December 13, 2024 6th Meeting of 5th Term	2024 Year-end bonus expected distribution amount.	

(V) Promotion of sustainable development, deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons:

Items	Implementation status			Deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Summary description	
I. Has the Company established a governance structure for promoting sustainable development, set up full-time (part-time) units for driving sustainable development, had the board of directors to authorize top management to deal with related matters and instructed the board of directors to supervise?	√		<p>The Company has established the ESG Committee in 2022 as the main unit to promote sustainable development. The President acts the chairperson of the Committee, and the Committee is established with the director general and task force to be responsible for the promotion of related affairs.</p> <p>The Committee is responsible for the formulation, implementation, supervision and improvement of the sustainable development policy and goals. The Committee reports issues of concern, the actual or potential impacts and the implementation results to the chairperson and the stakeholders annually. The Committee also incorporates the issues of concern to the stakeholders and the implementation results into the subsequent review, tracking and proposing improvement measures. The Committee is also committed to achieving the balance of interests between shareholders, employees, the society and other stakeholders, in order to implement corporate governance, promote environmental protection, maintain social welfare and strengthen sustainable information disclosure.</p> <p>In addition, the Committee's chairperson is responsible for reviewing and approving the final draft of the Sustainable Report, which is submitted to the Audit Committee for review, followed by public release after the approval of the Board of Directors.</p>	No significant difference.
II. Has the Company conducted risk assessments on environmental, social, and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulated relevant risk management policies or strategies?	√		<p>To implement sustainable development, to enhance corporate governance and to increase organization resilience, the Company establishes risk management policy and procedure, goal, governance and culture as well as organizational structure according to the "Risk Management Best Practice Principles for TWSE/TPEX Listed Companies", in order to implement and maintain risk management mechanism, to continue to understand internal/external topics and environmental change, to assess potential threats to the economy, society and environment, and to implement the identification of operational impact analysis and risk management, thereby ensuring the rights and interests of stakeholders. The 2024 risk management operation status has been reviewed by the Audit Committee on December 13, 2024, reported to the Board of Directors and disclosed on the Company's website.</p>	No significant difference.
III. Environmental issues (I) Has the Company established an appropriate environmental management system according to the characteristics of its industry?	√		(I) The Company has established the Occupational Safety Office (Occupational Safety and Health Committee) and complies with relevant laws and international conventions. In addition, the Company values environmental friendliness and has implemented and qualified the ISO 14001 certification, and establishes the hazardous substance free (HSF) policy, in order to continue to reduce process wastes and to stop the use of environmentally hazardous substances, and implementing pollution prevention, thereby achieving sustainable development environment.	No significant difference.
(II) Is the Company committed to improving energy utilization efficiency and using recycled	√		(II) The Company is committed to improving energy efficiency. Accordingly, in 2022, the Company has successfully applied for the "Air Conditioning and Main Machine Energy Conservation Performance Guarantee Plan" and approved by the Bureau of Energy, Ministry of Economic	

Items	Implementation status			Deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons																			
	Yes	No	Summary description																				
<p>materials that can lower the impact on the environment?</p> <p>(III) Has the Company assessed its current and future potential risks and opportunities of climate change and taken countermeasures against climate-related issues?</p>	√		<p>Affairs, and has also completed the replacement of air-conditioning main units and ancillary equipment in 2023. The new system will be in operation in 2024, which will significantly improve energy efficiency and reduce greenhouse gas emissions. The Company values and complies with environmental protection laws and regulations, and implements waste classification operations to improve resource recycling rate. The manufacturing unit also includes pallets, iron frames, iron shafts, wooden shafts and sealing sheets used for shipping as resources for recycling and reuse, in order to reduce the use of disposable packaging materials and to reduce the load and impact on the environment.</p> <p>(III) Under the global climate change, the smart building unit actively promotes Low-E energy-saving glass, double-skin windows, eco-friendly coating decoration glass, AR reflective glass, solar power-integrated BIPV architectural glass applications, etc., in order to effectively promote the environmental protection concept. For the impact and countermeasures of the climate-related risks and opportunities, please refer to the Chapter of "Environmental Sustainability" of the Company's Sustainability Report.</p>																				
<p>(IV) Has the Company counted the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and formulated policies on greenhouse gas reduction, water consumption reduction, or other waste management?</p>	√		<p>(IV) The Company has established the ESG Committee in 2022, and Sustainability Report has also be prepared and released since 2023. In addition to the annual statistics of greenhouse emission, water consumption and total waste weight, the Company also discloses relevant information to stakeholders periodically and is committed to the planning of relevant reduction policy. In addition, the Company values greenhouse gas management as the primary task of environmental protection. The main measures for implementation include:</p> <ol style="list-style-type: none"> 1. The Company has set up a staged carbon reduction goals. The short-term goal is to reduce greenhouse gas emissions (Scope 1+Scope 2) by 10% in 2025 (Note: This goal does not include Scope 3). In addition, the mid-term and long-term carbon reduction goals will be adjusted and implemented according to government regulations, in order to ensure compliance with relevant policies and regulations. 2. For the promotion measures and achievement status of the staged carbon reduction goals, please refer to the Chapter of "Environmental Sustainability" of the Company's Sustainability Report. (The values in the table below are uniformly rounded to the second digit after the decimal place) <p>Statistics on Emissions of Greenhouse Gases (CO2e metric tons/year) Note 1</p> <table border="1"> <thead> <tr> <th rowspan="2">Plants</th> <th colspan="2">2023</th> <th colspan="2">2024</th> </tr> <tr> <th>Indirect (purchased electricity)</th> <th>Direct (including provisioning of firefighting equipment and business vehicles)</th> <th>Indirect (purchased electricity)</th> <th>Direct (including provisioning of firefighting equipment and business vehicles)</th> </tr> </thead> <tbody> <tr> <td>Miaoli Plant</td> <td>11,410.34</td> <td>209.88</td> <td>11,698.29</td> <td>305.12</td> </tr> <tr> <td>Subtotal</td> <td colspan="2">11,620.22</td> <td colspan="2">12,003.41</td> </tr> </tbody> </table>	Plants	2023		2024		Indirect (purchased electricity)	Direct (including provisioning of firefighting equipment and business vehicles)	Indirect (purchased electricity)	Direct (including provisioning of firefighting equipment and business vehicles)	Miaoli Plant	11,410.34	209.88	11,698.29	305.12	Subtotal	11,620.22		12,003.41		
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IV. Social issues (I) Has the Company formulated relevant management policies and procedures according to the relevant regulations and international human rights	✓		(I) The Company has formulated relevant management policies and procedures in accordance with labor laws, international human rights conventions and SA8000 standards, in order to protect the legal rights of employees and adopt discrimination-free employment policies.		No significant difference.																																																												

Items	Implementation status		Deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	
conventions? (II) Has the Company formulated and implemented reasonable employee welfare measures (including compensation, vacations, and other benefits), and appropriately reflected its operating performances or results in employee compensation?	✓		(II) The Company has established the “Salary Management Procedure”, “Performance Bonus Issuance Management Method” and “Annual Bonus Issuance Management Method” and adopted reasonable employee welfare measures to adequately reflect operating performances or results in employees’ remuneration.
(III) Has the Company provided a safe and healthy work environment, and regularly carried out safety and health education for employees?	✓		(III) The Company's ISO45001 Occupational Safety and Health Management System certification valid period is from November 1, 2022 to November 1, 2025. The Company implements environmental and safety and health measures in accordance with the management system specifications, conducts hazard identification and risk assessment in the operating environment every year, in order to identify potential hazards and handle risks according to the established procedures. If unacceptable risks are discovered, immediate improvement measures will be adopted, in order to ensure the safety and health of employees. No unacceptable risk was discovered during the 2024 risk assessment. In addition, we also organize regular health examination for employees with benefits superior to the statutory requirements. Safety protection equipment is also provided based on the needs of employees, in order to ensure that employees are able to receive sufficient protection in all types of operating environment, thereby reducing the risk of accidents. To prevent factory fire, earthquake and other unexpected emergency events that may lead to injuries, the Company has organized emergency response drills and related courses every six months, in order to enhance employees' ability to respond and safety awareness. In 2024, a total of 205 employees have completed relevant training. The course contents included "reporting training", "fire extinguishing training", "evacuation training", "safety protection" and "comprehensive drill" and have adjusted and improved issues discovered in the drill. After the drill, the results were compiled and sent to the local fire team for review and reference. There were no fire incidents in 2024. Finally, the fire-fighting facilities in the Company's plants are inspected and maintained regularly to ensure their normal operation.
(IV) Has the Company established an effective career development training program for employees?	✓		(IV) The Company values employee career development and talent training, and also plans comprehensive education and training system according to the TTQS structure. The courses include five main categories: basics, occupational safety, professional skills, general knowledge, and hierarchy. In addition, through internal/external course and teaching satisfaction feedback mechanism, the Company's training plan is improved continuously, in order to ensure that employees are able to grow and improve their abilities continuously.

Items	Implementation status			Deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Summary description	
(V) With regard to customer health and safety, customer privacy or marketing and labeling of products and services, has the Company followed the relevant regulations and international standards as well as formulated related consumer or consumer protection policies and appeal procedures?	√		(VI) The Company has qualified the IECQ QC 080000 hazardous substance management standard, and monitors the product and service conformity according to the EU RoHS Directive 2011/65/EU. In addition, the Company also encourages suppliers to establish an effective GP management system and to quality third-party system certification, along with the compliance with relevant social and environmental codes of conduct. The Company's efforts include the continual reduction of process waste and not using environmentally harmful substances, strict pollution prevention implementation, and promotion of the Company's environmentally hazardous substance management philosophy to relevant groups. The Company has established the "Customer Complaint Handling Procedure" and "Customer Satisfaction Management Procedure". Since most of the Company's customers are not end consumers, all of the Company's customers other than consumers of smart building glass can directly contact responsible units to file complaints, in order to provide efficient services to customers. In addition, the Company also applies for product liability insurance to protect product users' rights and interests. Finally, to ensure that customer data can be protected properly and to prevent improper disclosure, the Company has established the information security management organization and relevant preventive measures, in order to protect the rights and interests of customers.	
(VII) Has the Company formulated supplier management policies that require suppliers to follow the relevant regulations on environmental protection, occupational safety and health or labor human rights, and implemented them accordingly?	√		(VIII) The Company has established the "Supplier Management Procedure" which covers the relevant regulations on issues such as environmental protection, occupational safety and health, and labor human rights that suppliers must follow. To comply with certification specifications, suppliers are required to provide non-hazardous raw materials in order to jointly comply with CSR and ensure that the final products to the customers are safe and harmless. To comply with the SA8000 standard, the Company has also established the "Supplier Implementation Guidelines" to require all products and services provided by qualified suppliers to meet the CSR requirements. They must also provide a signed/sealed declaration in order to become a supplier for the Company.	
V. Has the Company referenced the international report preparation standards or guidelines on the preparation of sustainability reports and other reports that disclose the Company's non-financial information? Have the aforementioned reports been confirmed or verified by a third-party certification unit?	√		The Company has disclosed relevant information in accordance with the "GRI Standards 2021" published by Global Reporting Initiative (GRI), and with reference to the industrial indicators published by the Sustainability Accounting Standards Board (SASB), and relevant information disclosed in accordance with the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies. The Company also issues annual report periodically according to the time-limit specified by the competent authority, in order to facilitate stakeholders' understanding on our actions and results and various achievements of the sustainable development goals. Furthermore, the Company has not executed the third-party verification plan for the time being since the Company is not required to obtain assurance or guarantee opinion from a third verification unit mandatorily.	Partially complied

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VI.			<p>If the Company has established its own best practices for sustainable development pursuant to the “Best Practices for Sustainable Development of TWSE/GTSM Listed Companies,” please note the difference between its operations and the code established:</p> <p>The Company promulgated the Best Practices for Corporate Social Responsibilities on December 17, 2014 and presented it at the general shareholders’ meeting in 2015. The Best Practices for Sustainable Development of TWSE/GTSM Listed Companies attached for reference was renamed the Best Practices for Sustainable Development, which were promulgated as approved by the board of directors on March 21, 2022 and presented at the 2022 general shareholders’ meeting. Related measures have been disclosed in the Market Observation Post System and the website of the Company. Present operations of the Company does not significantly deviate from these practices.</p>																																								
VII.			<p>Other important information helpful to understand promotion of sustainable development:</p> <p>1. With regard to the external social participation, currently, the Company mainly participates in the donation of fund and materials to social welfare groups, government agencies, community neighborhoods and schools. In addition, we also care local store development and have organized one session of sustainable city and village seminar this year, in order to support the concept of local co-prosperity and common good with actions in practice.</p> <table border="1" data-bbox="472 576 1765 1174"> <thead> <tr> <th>Type</th> <th>Time</th> <th>Unit</th> <th>Events</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Donation of fund</td> <td>March 2024</td> <td>Eden Social Welfare Foundation</td> <td>NT\$10,000</td> </tr> <tr> <td>April 2024</td> <td>Miaoli County Fire Friendship Association</td> <td>NT\$20,000</td> </tr> <tr> <td>April 2024</td> <td>Miaoli County Tonglu Village Volunteer Fire Squad</td> <td>NT\$10,000</td> </tr> <tr> <td>December 2024</td> <td>E Ink Holdings Incorporated 2024 e-reading future project (768 e-books for Yunlin County Government)</td> <td>NT\$100,000</td> </tr> <tr> <td rowspan="7">Donation of goods</td> <td>February 2024</td> <td>St. Frances Xavier Home for Girls</td> <td>4 boxes of biscuits and drinks</td> </tr> <tr> <td>February 2024</td> <td>Yang Chieh International Co., Ltd. (Tongluo migrant workers’ dormitory)</td> <td>1 box of activity supplies</td> </tr> <tr> <td>February 2024</td> <td>Miaoli County Alburgh Kindergarten</td> <td>2 boxes of activity supplies</td> </tr> <tr> <td>March 2024</td> <td>Miaoli County Tongluo Township Wenlin Junior High School</td> <td>280 books</td> </tr> <tr> <td>March 2024</td> <td>Miaoli County Tongluo Township Jungshing Elementary School</td> <td>120 books</td> </tr> <tr> <td>August 2024</td> <td>Love of Life Cultural and Educational Foundation</td> <td>8 boxes of biscuits and drinks</td> </tr> <tr> <td>November 2024</td> <td>Miaoli County Tongluo Township Jungshing Elementary School</td> <td>15 cartons of Taiwan Yes Mineral Water</td> </tr> </tbody> </table> <p>2. The Company applied for SA8000 international certification before, which is a standard formulated based on the International Labor Organization Convention, the Universal Declaration of Human Rights and the United Nations conventions on human rights, with a view to ensure that all products provided by organizations and suppliers satisfy the requirements for social responsibility, comply with laws/regulations, respect human rights, offer guidelines for the employees’ rights and interests, and create win-win among the Company, employees and consumers.</p>		Type	Time	Unit	Events	Donation of fund	March 2024	Eden Social Welfare Foundation	NT\$10,000	April 2024	Miaoli County Fire Friendship Association	NT\$20,000	April 2024	Miaoli County Tonglu Village Volunteer Fire Squad	NT\$10,000	December 2024	E Ink Holdings Incorporated 2024 e-reading future project (768 e-books for Yunlin County Government)	NT\$100,000	Donation of goods	February 2024	St. Frances Xavier Home for Girls	4 boxes of biscuits and drinks	February 2024	Yang Chieh International Co., Ltd. (Tongluo migrant workers’ dormitory)	1 box of activity supplies	February 2024	Miaoli County Alburgh Kindergarten	2 boxes of activity supplies	March 2024	Miaoli County Tongluo Township Wenlin Junior High School	280 books	March 2024	Miaoli County Tongluo Township Jungshing Elementary School	120 books	August 2024	Love of Life Cultural and Educational Foundation	8 boxes of biscuits and drinks	November 2024	Miaoli County Tongluo Township Jungshing Elementary School	15 cartons of Taiwan Yes Mineral Water
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(VI) Performance of ethical management, deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons:

Assessment item	Operating status			Deviation and cause of deviation in practice differences compared to TWSE/GTSM listed companies
	Yes	No	Summary description	
<p>I. Integrity management policy and plan formulation</p> <p>(I) Has the Company formulated an integrity management policy approved by the board of directors, expressed the integrity management policy and practices in regulations or external documents, and have the board of directors and senior management actively implemented the management policy?</p> <p>(II) Has the Company established a dishonesty risk assessment mechanism, regularly analyzed and evaluated business activities with a high risk of dishonesty, and formulated a plan to prevent dishonesty that at least covers the preventive measures provided by Article 7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?”</p> <p>(III) Has the Company expressly formulated the operating procedure, behavior guideline, as well as disciplinary penalty and grievance system plans, and implemented them accordingly to prevent dishonest behavior and reviewed and revised them on a regular basis?</p>	<p>√</p> <p>√</p> <p>√</p>		<p>(I) On December 17, 2014, the Company formulated the Ethical Corporate Management Best Practice Principles with the approval of the Board of Directors, and made them public on its official website and the intranet for stakeholders’ inquiry. The Company’s board of directors and senior management have actively fulfilled the commitment policy for integrity management.</p> <p>(II) The Company has referenced the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” to formulate its own guidelines, which provides the measures to prevent the following dishonest behavior:</p> <p>I. Providing and receiving bribes.</p> <p>II. Providing illegal political donations.</p> <p>III. Improper charitable donations or sponsorships.</p> <p>IV. Offering or accepting improper gifts, entertainment, or other unreasonable benefits.</p> <p>V. Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights.</p> <p>VI. Engaging in unfair competition.</p> <p>VII. Providing products or services that directly or indirectly damage the rights, health and safety of consumers, or other interested parties during the R&D, procurement, manufacturing, provision or sales phase.</p> <p>(III) The Company has expressly formulated the operating procedure, behavior guideline, as well as disciplinary penalty and grievance systems and implemented them accordingly to prevent dishonest behavior. The Company has also established an integrity email box (honesty@gtoc.com.tw) and assigned management level personnel to handle the reports and complaints, and the results are reported to independent directors.</p>	No significant difference.
<p>II. Integrity management practice</p> <p>(I) Has the Company assessed the integrity records of counterparties and specified the terms of integrity in the contracts signed with counterparties?</p>	<p>√</p>		<p>(I) When the Company engages in business activities, it shall avoid dealing with people with records of dishonest behavior and shall specify the honest behavior clauses in commercial contracts.</p> <p>To ensure that trading counterparties are ethical</p>	No significant difference.

Assessment item	Operating status			Deviation and cause of deviation in practice differences compared to TWSE/GTSM listed companies
	Yes	No	Summary description	
			business operators, penalty clauses are stipulated in procurement contracts to set the liabilities that manufacturers must bear should they fail to faithfully perform the contract and that the contract shall be terminated or rescinded if any dishonest behavior occurs.	
(II) Has the Company established a special unit under the board of directors to promote corporate integrity management, and regularly (at least once a year) reported the dishonesty prevention integrity management policies and plans to the board of directors in order to supervise the implementation status?	√		(II) The Company's Administrative Management Unit shall be responsible for the promotion and operation of the Company's integrity management and shall regularly report case acceptance and implementation status to the board of directors.	
(III) Has the Company formulated a policy to prevent conflicts of interest as well as provide appropriate presentation channels, and implemented them accordingly?	√		(III) The Company has formulated a policy for the prevention of conflicts of interests and provided appropriate report channels and handling procedures.	
(IV) Has the Company established an effective accounting system and internal control system to implement integrity management, formulated the relevant audit plans based on the dishonesty risk evaluation results of the internal audit unit and inspected or commissioned a CPA to inspect and ensure compliance with the dishonesty prevention plans?	√		(IV) The Company has formulated an internal control system to ensure ethical operations and incorporated it into the audit plan. Auditors shall perform inspections and issue reports regularly to ensure the effectiveness of implementation.	
(V) Has the Company conducted internal and external education and training on integrity management regularly?	√		(V) The directors and managers of the Company shall take the relevant training courses on an irregular basis each year. The Company also irregularly carries out promotion via staff meetings, the Company's website and the announcement board. In 2024, the Company promoted ethical corporate management related education to 408 people at the headquarters and branches in Taiwan. For the current year, a total of 76 new suppliers have signed the letter of undertaking for ethical management.	
III. Company whistleblowing system operation status				
(I) Has the Company established a specific reporting and reward system, a convenient reporting channel, and assigned appropriate personnel to handle the subjects reported?	√		(I) 1. The Company has standardized the whistleblower report handling and management procedures. The subject matter of reports shall be accepted, investigated, or appealed by dedicated personnel from the Administrative Management Department. 2. If a reported case has been verified, a reward shall be issued to the whistleblower depending	No significant difference.

Assessment item	Operating status			Deviation and cause of deviation in practice differences compared to TWSE/GTSM listed companies
	Yes	No	Summary description	
(II) Has the Company established standard operating procedures for accepting complaint reports and adopted follow-up measures and related confidentiality mechanisms for after investigations have been completed? (III) Has the Company taken measures to protect whistleblowers from improper treatment due to the complaint report?	√ √		on the seriousness of the case. (II) The Company has established detailed processing procedures and control mechanisms for the classification, investigation, and appeal of complaint cases after they have been accepted, and confidentiality measures shall be adopted for the relevant information. (III) The Company shall keep the identities of whistleblowers and the contents of reports strictly confidential. If the whistleblower is harassed, intimidated or threatened by other harmful behavior due to reporting the case, the case shall be handled according to the law upon notification from the whistleblower. If necessary, the local police agency shall be contacted for protection.	
IV. Strengthening information disclosure Has the Company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?	√		The Company has established the "Ethical Corporate Management Best Practice Principles" and disclosed the content and implementation results on the Company's website and the Sustainability Report.	No significant difference.
V. If the Company has established its own Ethical Corporate Management Best Practice Principles pursuant to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please note the difference between its operations and the code established: no significant difference.				
VI. Other important information helpful for understanding ethical management of the Company: (for instance, the Company's revision of its ethical management best practice principles) To establish a corporate culture of integrity management and establish good corporate governance for the Company, the board of directors has approved the formulation of the Company's "Code of Integrity Management" on December 17, 2014, for compliance, submitted the report to the general shareholders meeting on June 26, 2015, and disclosed the matter on the Company's website and the Market Observation Post System.				

(VII) Other information material to the understanding of corporate governance within the Company may be disclosed altogether:

1. To establish a sound major internal information handling and disclosure mechanism for the Company, prevent improper information leakage, and ensure the consistency and accuracy of the information published by the Company to the public, the Company has established the "Insider Trading Prevention and Important Internal Information Processing Management Method" and reviewed the operating procedures on an irregular basis in order to comply with the current laws and regulations and the practical management needs. It has also been announced in the internal document management system for insiders, managers, and employees to review at any time in order to prevent insider trading violations.

2. Assistant Manager Wu, Tai-Chiu was appointed as Corporate Governance Officer on June 1, 2021. The continuing education status for 2024 is as follows:

Training date	Organizer	Course name	Hours
March 22, 2024	BCSD Taiwan	CDP Taiwan Announcements - Creating a new era of carbon with sustainable knowledge seminar	3.0
October 8, 2024	Taiwan Stock Exchange Corporation	Digital Banking and Sustainable Finance Collaboration Under the AI Trend	3.0
November 1, 2024	Securities and Futures Institute	Skills for directors and supervisors for interpreting financial information	3.0
November 15, 2024	Securities and Futures Institute	2024 explanation session on compliance with insiders' equity trading laws	3.0

(VIII) Implementation of internal control system

1. Internal control system declaration



G-TECH Optoelectronics Corporation

Internal control system declaration

Stock Code: 3149

Date: March 7, 2025

Based on the self-assessment results of the 2024 Internal Control System, the Company hereby makes the following declaration:

- I. The Company is well aware that it is the responsibility of the Company's board of directors and managers to establish, implement and maintain an internal control system. The Company has already established such a system. Its purpose is to reasonably ensure operation effectiveness and efficiency (including profit, performance, safeguarding asset security, etc.), report reliability, timeliness and transparency and compliance with the relevant laws and regulations.
- II. An internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable guarantee on meeting the 3 objectives mentioned above. Moreover, the effectiveness of an internal control system may also vary due to changes in the environment and circumstances. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective actions.
- III. The Company has referenced the internal control system performance determination items set forth in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to judge whether or not its internal control system design and implementation are effective. The internal control system performance determination items set forth by the "Regulations" are based on the management and control process, which divides the internal control system into 5 components: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communications, and 5. Monitoring activities. Each component also includes several items. Please refer to the "Regulations" for the aforementioned items.
- IV. The Company has adopted the aforesaid internal control system judgment items in order to evaluate the design and implementation effectiveness of the internal control system.
- V. The preceding evaluation results indicated that the Company's internal control system (including the supervision and management of subsidiaries), including the operation effectiveness and the extent to which the efficiency goals are achieved for the reporting

system as well as the reliability, timeliness, transparency and compliance with the relevant laws and regulations for the design and execution of the internal control system, are effective as of December 31, 2023 and can reasonably ensure the achievement of the aforementioned objectives.

- VI. This declaration shall serve as the main content of the Company's annual report and prospectus, and shall be made public. If the aforementioned content contains false statements, concealment, or other illicit matters, the Company shall bear full legal liabilities pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement has been approved by the Company's board of directors on March 7, 2025, whereby all of the 7 attending directors approved and agreed with the content of this statement without objection.

Company Name: G-TECH Optoelectronics Corporation

Chairman: Chung, Chih-Ming [Signature/Seal]

President: Chung, Chih-Ming [Signature/Seal]

2. Where CPAs are appointed to audit internal control, the CPAs' audit report shall be disclosed: NA.

(IX) Material resolutions made by the shareholders' meetings and the Board meetings during the most recent year (2024) and up to the printing date of the annual report:

Meeting	Date	Material resolution
Shareholders' meeting	May 27, 2024	<ol style="list-style-type: none"> 1. Adoption of the 2023 Business Report and Financial Statements. Implementation status: Resolution approved, and announced on May 27, 2024. 2. Adoption of the 2023 proposal for deficit compensation. Implementation status: Resolution approved, announced on May 27, 2024, and recognized the approved off-setting table. 3. Proposal to issue new shares for cash capital increase. Implementation status: passed the resolution. However, as of the publication date of the 2024 Annual Report, the Company had no plan for issuance or capital increase in cash by book-building, which shall automatically expire in one year and will not be renewed. 4. Proposal to execute the private placement of ordinary shares. Implementation status: passed the resolution. However, as of March 7, 2025, the Company had no issuance plan. The board of directors passed a resolution on March 7, 2025 and announced on the same day that it would not be renewed.
Board of Directors	March 5, 2024	<p>Approved the Company's 2023 Business Report and Financial Statements. Approved the 2023 deficit compensation proposal. Approved the proposal for 2023 "Internal Control System Effectiveness Evaluation" and "Statement of Internal Control System". Approved the assessment report on the large financial loan amount exceeding the normal credit extension period of 3 months and not yet recovered for the 4th quarter of 2023. Approved the proposal on the establishment of the base date for the capital increase with employee stock options conversion into new shares for the 4th quarter of 2023. Approved the proposal on not proceeding with the private placement of ordinary shares approved by the 2023 shareholders' meeting. Approved the 2024 assessment report on independence and competence of CPAs. Approved the proposal to apply for a credit line from a financing institution for the 2nd quarter of 2024. Approved the proposal on the 2024 issuance of new shares for cash capital increase. Approved the revision of 2025 business plan.</p>
Board of Directors	May 10, 2024	<p>2024 Q1 Financial Statements. Proposal for assessment on the large financial loan amount exceeding the normal credit extension period of 3 months and not yet recovered for the 1st quarter of 2024. Proposal on base date of issuing employee stock options in exchange for new shares of the Company for capital increase in Q1, 2024. Proposal on the establishment of relevant schedule of the base date for 2024 cash capital increase in cash, etc. Proposal on formulating the Company's 2024 measures for retaining the employees' subscription by capital increase in cash and distributing the subscribed shares to the senior managers. Proposal for amendment to the internal control system "CE-1000-G Computerized Information System".</p>

Meeting	Date	Material resolution
Board of Directors	August 8, 2024	<p>2024 Q2 Financial Statements.</p> <p>Proposal for not executing the deficit compensation during the first half of 2024.</p> <p>Proposal for assessment on the large financial loan amount exceeding the normal credit extension period of 3 months and not yet recovered for the 2nd quarter of 2024.</p> <p>Proposal on base date of issuing employee stock options in exchange for new shares of the Company for capital increase in Q2, 2024.</p> <p>Proposal to apply for a credit line from a financing institution for the 4th quarter of 2024.</p> <p>Proposal for release of the 2023 Sustainability Report.</p> <p>Proposal for adjustment of the factory construction of GIGA-TECH International Electronics (Vietnam) Co., Ltd.</p> <p>Proposal for amendment to parts of the provisions of the “Regulations for Personal Information Protection” of the Company.</p> <p>Proposal for amendment to parts of the provisions of “Regulations Governing Financial and Non-financial Information”.</p> <p>Proposal for amendment to parts of the provisions of the Company’s “Internal Control Design Instructions”.</p> <p>Proposal for amendment to parts of the provisions of the Company’s “Internal Control Audit Implementation Rules”.</p> <p>Proposal for amendment to parts of the provisions of the Company’s “Self-evaluation Operation Procedure”.</p> <p>Proposal for the adjustment of remuneration of managerial officers of the Company.</p>
Board of Directors	November 8, 2024	<p>2024 Q3 Financial Statements.</p> <p>Proposal for assessment on the large financial loan amount exceeding the normal credit extension period of 3 months and not yet recovered for the 3rd quarter of 2024.</p> <p>Proposal on base date of issuing employee stock options in exchange for new shares of the Company for capital increase in Q3, 2024.</p> <p>Proposal to apply for a credit line from a financing institution for the 1st quarter of 2025.</p> <p>Proposal for revitalization of the effect of the utilization of Miaoli Plant 3 site.</p> <p>Proposal for amendment to parts of the provisions of the “Audit Committee Charter”.</p> <p>Proposal for amendment parts of the provisions of the Company’s “Regulations for the Rules of Procedure for the Audit Committee”.</p> <p>Proposal for amendment parts of the provisions of the Company’s “Regulations for the Rules of Procedure for the Board of Directors”.</p> <p>Propose to release the "Regulations for Management of Sustainable Information" and the Sustainable Development Organization Charter.</p>
Board of Directors	November 20, 2024	Proposal to issue new shares for cash capital increase.
Board of Directors	December 13, 2024	<p>Proposal to apply for a credit line from a financing institution for the 1st quarter of 2025.</p> <p>2025 internal audit plan.</p> <p>2025 annual operating plan and capital expenditure proposal.</p> <p>Proposal for execution of 2024 2nd time of cash capital increase with issuance of new shares.</p> <p>Proposal for formulating the 2024 2nd measures for retaining the employees’ subscription by capital increase in cash and distributing the subscribed shares to the senior managers.</p> <p>2024 Year-end bonus expected distribution amount.</p> <p>The Company's sustainable development vision and policy, core culture, strategic guidelines and implementation goals.</p> <p>Report on 2024 intellectual property management plan and implementation status.</p> <p>Report on 2024 risk management implementation status.</p>

Meeting	Date	Material resolution
Board of Directors	March 7, 2025	<p>Proposal for 2024 annual business report and financial report.</p> <p>Proposal for 2024 deficit compensation.</p> <p>Proposal for 2024 “Internal Control System Effectiveness Evaluation” and “Internal Control System Statement”.</p> <p>Proposal for assessment on the large financial loan amount exceeding the normal credit extension period of 3 months and not yet recovered for the 4th quarter of 2024.</p> <p>Approved the proposal on not proceeding with the private placement of ordinary shares approved by the 2024 shareholders’ meeting.</p> <p>Approved the proposal to apply for a credit line from a financing institution for the 2nd quarter of 2025.</p> <p>Proposal by the Company to collaborate with KPMG’s internal rotation and change CPAs auditing financial statements.</p> <p>Proposal for 2025 evaluation on independence and competence of CPAs</p> <p>Proposal for pre-approval of non-assurance service provided by CPA firm to the Company and subsidiaries.</p> <p>Proposal for amendment to parts of the provisions of the "Articles of Incorporation".</p> <p>Proposal for amendment to parts of the provisions of the “Performance Bonus Issuance Management Regulations”.</p> <p>Proposal to execute the private placement of ordinary shares.</p> <p>Proposal to convene the Company’s 2025 regular shareholders meeting.</p>

- (X) In the most recent year and as of the printing date of the annual report, were there directors or supervisors with different opinions on important resolutions passed by the board of directors with records or written statements? If so, what are the main contents? none.

IV. Information on CPA Public Expenses

(I) Information on CPA Public Expenses

Unit: NT\$ thousand

Name of CPA firm	Name of CPA	CPA audit period	Auditing public expense	Non-auditing Public Expense (NT\$ thousand)					Remarks
				System design	Business registration	Human resource	Other (Note)	Subtotal	
KPMG	Chen, Tsung-Che	January 1, 2024 ~	4,095	0	0	0	128	4,223	Other non-audit public expense items are primarily travel expenses for audit certifications, etc.
	Chih, Shih-Chin	December 31, 2024							

- (II) If the CPA firm is replaced and the audit certification fee paid in the replacement year is lower than that in the year prior to the replacement; the amount, proportion, and reason for the reduction in public expenses must be disclosed: None.
- (III) If the audit certification expense has decreased by over 10% compared to that of the previous year; the amount, proportion, and reasons for the audit certification expense reduction must be disclosed: none.
- (IV) For the CPAs of KPMG Taiwan retained, the Audit Quality Indicator (AQI) has been included in the report to the Board of Directors on March 5, 2024.

V. Information on CPA Replacement: None

VI. Information on the Company's Chairman, President, managerial officers in charge of financial or accounting affairs, and those who have worked in the CPA firm or its affiliates within the last year; disclose the name, job title and the period of employment in the CPA firm or its affiliated company: None.

VII. Equity transfer and equity pledge modification status of directors, supervisors, managers, and shareholders holding over 10% of the shares in the last year and up to the printing date of this annual report

(I) Changes in the equity of directors, supervisors, managers and major shareholders:

Unit: Shares

Title	Name	2024		As of April 21, 2025	
		Increase (decrease) in No. of shares	Increase (decrease) in No. of pledged shares	Increase (decrease) in No. of shares	Increase (decrease) in No. of pledged shares
Chairman	Chung, Chih-Ming	473,000	—	(81,000)	—
Director	Hsiao, Jen-Liang	(78,676)	—	—	—
Director	Wang, Kuo-Hung	(411)	—	—	—
Independent director	Huang, Kuo-Shih	—	—	—	—
Independent director	Wu, Chun-Feng	—	—	—	—
Independent director	Yang, Ming-Szu	—	—	—	—
Independent director	Wen-He Chen	—	—	—	—
President	Chung, Chih-Ming	473,000	—	—	—
Vice President	Chiu, Huo-Sheng	22,000	—	(18,000)	—
Vice President	Wang, Yao-Chang	20,000	—	—	—
Assistant Manager	Huang, Yung-Cheng	80,000	—	(5,000)	—
Assistant Manager	Hsu, Hsien-Yi	35,000	—	—	—
Assistant Manager (R&D Director)	Tsai, Tsung-Tien	—	—	—	—
Assistant Manager	Lin, Hsing-Chiao	82,000	—	(83,929)	—
Assistant Manager	Wang, Ju-Wen	72,145	—	—	—
Assistant Manager (Financial and Accounting Officer)	Wu, Tai-Chiu	—	—	—	—
Assistant Manager	Hung, Yu-Te (Note 1)	(1,688)	—	—	—
Assistant Manager	Kung, Zheng-Nien (Note 1)	(111)	—	—	—
Assistant Manager	Tsai, Yueh-Hsun (Note 1)	21,558	—	—	—
Assistant Manager	Chung, Hsiang-Dao (Note 1)	(33,265)	—	—	—
Assistant Manager	Shi, Jun-nan (Note 1)	(9,454)	—	—	—
Assistant Manager	Sun, Kung-Yu (Note 1)	13,000	—	(13,000)	—

Note 1: Appointed on April 1, 2025.

(II) Information on affiliates as counterparties of equity transfers or equity pledges:
none.

VIII. Information on relationships among the top 10 shareholding ratio shareholders

April 21, 2025

Name	Personal shareholding		Shareholdings by spouse or minor children		Total shares held under the name of others		Title, name or full name, and relationship of top 10 shareholders who are spouses or relatives within the second degree of kinship		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name	Relationship	
Hong Yuan International Investment Co., Ltd.	6,749,826	3.62%	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hung Yang Venture Investment Co., Ltd.	Note:	-
Representative: Huang, Te-Tsai	-	-	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hung Yang Venture Investment Co., Ltd.	The same representative	-
Hung Yang Venture Investment Co., Ltd.	6,464,371	3.47%	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hongyuan International Investment Co., Ltd.	Note:	-
Representative: Huang, Te-Tsai	-	-	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongchi International Investment Co., Ltd.; Hongyuan International Investment Co., Ltd.	The same representative	-
Hongchi International Investment Co., Ltd.	5,163,306	2.77%	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongyuan International Investment Co., Ltd.; Hung Yang Venture Investment Co., Ltd.	Note:	-
Representative: Huang, Te-Tsai	-	-	-	-	-	-	Baoxin International Investment Co., Ltd.; Hongyuan International Investment Co., Ltd.; Hung Yang Venture Investment Co., Ltd.	The same representative	-
Hsiao, Chia-Sung	4,730,000	2.54%	1,072,879	0.48%	-	-		None	-
Chung, Chih-Ming	3,227,038	1.73%	-	-	-	-	Lai, Hsiu-Chi	Relatives of second degree	-
Lai, Hsiu-Chi	2,754,838	1.49%	-	-	-	-	Chung, Chih-Ming	Relatives of second degree	-
TEH TAI STEEL CO., LTD.	2,700,797	1.45%	-	-	-	-	-	None	-
Representative: Hsiao, Kuo-Tai	5,056	0.00%	-	-	-	-	-	None	-
Chen, Ta-Yu	2,452,809	1.32%	-	-	-	-	-	None	-
Standard Chartered Trusteeship of Liechtenstein Bank	2,040,870	1.10%	-	-	-	-	-	None	-
Bingde International Investment Co., Ltd.	3,134,797	1.40%	-	-	-	-	-	None	-
Representative: Lin, Li-Lun	-	-	-	-	-	-	-	None	-

Note: All are investee companies of Hon Hai Precision Inc. Co., Ltd. under the equity method.

IX. Number of shares held for the same reinvestment enterprise by an enterprise directly or indirectly controlled by the Company and its directors, supervisors and managers and a calculation of the comprehensive shareholding ratio

December 31, 2024; Unit: Shares; %

Reinvestment business	Investment by the Company		Investment by directors, supervisors, and managers or directly or indirectly controlled businesses		Combined investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Fast Achievement Global Ltd.	540,000	100	-	-	540,000	100
Brave Advance International Corp. (note)	-	-	500,000	25	500,000	25
Hongda Photoelectric Glass (Dongguan) Co., Ltd. (note)	-	-	23,740,000	25	23,740,000	25
Golden Start Global Corp.	71,391,373	100	-	-	71,391,373	100
Charmtex Global Corp.	-	-	71,371,373	100	71,371,373	100
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	-	-	70,000,000	100	70,000,000	100
G-TECH OPTOELECTRONICS (VIETNAM) CO., LTD	2,000,000	100	—	—	2,000,000	100

Note: This is an investment made by the Company using the equity method.

Three. Fundraising Status

I. Capital and shares

(I) Source of share capital

1. the process of capital formation

Unit: Shares; NT\$

Year and month	Price of issuance	Approved share capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Those using assets other than cash to offset the share price	Others
1996-06	10	2,600	26,000,000	2,600	26,000,000	Share capital establishment	—	—
1999-11	10	5,200	52,000,000	5,200	52,000,000	Cash capital increase NT\$ 26,000,000	—	Note 1
2000-04	10	9,900	99,000,000	9,900	99,000,000	Cash capital increase NT\$ 47,000,000	—	Note 2
2000-07	10	15,260	152,600,000	15,260	152,600,000	Cash capital increase NT\$ 53,600,000	—	Note 3
2000-11	29.5	30,000,000	300,000,000	19,990,000	199,900,000	Cash capital increase NT\$ 47,300,000	—	Note 4
2001-01	15	70,000,000	700,000,000	33,330,000	333,300,000	Cash capital increase NT\$ 133,400,000	—	Note 5
2003-07	13.5	70,000,000	700,000,000	39,830,000	398,300,000	Cash capital increase NT\$ 65,000,000	—	Note 6
2004-01	17	70,000,000	700,000,000	46,830,000	468,300,000	Cash capital increase NT\$70,000,000	—	Note 7
2004-06	17.6	70,000,000	700,000,000	52,830,000	528,300,000	Cash capital increase NT\$60,000,000	—	Note 8
2007-04	11	70,000,000	700,000,000	55,830,000	558,300,000	Cash capital increase NT\$30,000,000	—	Note 9
2007-09	12	70,000,000	700,000,000	57,229,000	572,290,000	Employee stock option exercised 1,399,000 shares	—	Note 10
2007-10	15	160,000,000	1,600,000,000	127,229,000	1,272,290,000	Private placement of ordinary shares 70,000,000 shares	—	Note 11
2008-08	10	160,000,000	1,600,000,000	133,375,543	1,333,755,430	capital reserve to capital increase of NT\$ 42,000,000 Surplus reserve to capital increase of NT\$ 19,465,430	—	Note 12
2009-08	10	160,000,000	1,600,000,000	135,136,543	1,351,365,430	Employee stock option exercised 1,761,000 shares	—	Note 13
2009-10	10	160,000,000	1,600,000,000	135,206,543	1,352,065,430	Employee stock option exercised 70,000 shares	—	Note 14
2010-01	14.2	160,000,000	1,600,000,000	137,200,343	1,372,003,430	Employee stock option exercised 1,993,800 shares	—	Note 15
2010-01	22	160,000,000	1,600,000,000	150,800,343	1,508,003,430	Cash capital increase NT\$136,000,000	—	Note 16
2010-10	30	360,000,000	3,600,000,000	178,870,709	1,788,707,090	Cash capital increase NT\$278,629,660 Employee stock option exercised 207,400 shares	—	Note 17

Year and month	Price of issuance	Approved share capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Those using assets other than cash to offset the share price	Others
2011-01	14.2	360,000,000	3,600,000,000	180,118,709	1,801,187,090	Employee stock option exercised 1,248,000 shares	—	Note 18
2011-01	14.2	360,000,000	3,600,000,000	181,203,109	1,812,031,090	Employee stock option exercised 1,084,400 shares	—	Note 19
2011-06	70	360,000,000	3,600,000,000	211,203,109	2,112,031,090	Cash capital increase NT\$300,000,000	—	Note 20
2011-09	14.2	360,000,000	3,600,000,000	211,277,909	2,112,779,090	Employee stock option exercised 74,800 shares	—	Note 21
2011-12	60	360,000,000	3,600,000,000	234,806,909	2,348,069,090	Cash capital increase NT\$235,290,000	—	Note 22
2012-01	14.2	360,000,000	3,600,000,000	235,525,509	2,355,255,090	Employee stock option exercised 718,600 shares	—	Note 23
2012-10	84	360,000,000	3,600,000,000	265,525,509	2,655,255,090	Cash capital increase NT\$300,000,000	—	Note 24
2013-09	15	360,000,000	3,600,000,000	268,525,509	2,685,255,090	Issuance of new restricted employee shares 3,000,000	—	Note 25
2014-01	13.6	360,000,000	3,600,000,000	268,838,909	2,688,389,090	Employee stock option exercised 313,400 shares	—	Note 26
2014-09	10	360,000,000	3,600,000,000	268,788,909	2,687,889,090	Cancellation of restricted shares for subscription by employees of 50,000 shares	—	Note 27
2014-12	10	360,000,000	3,600,000,000	268,782,959	2,687,829,590	Cancellation of restricted shares for subscription by employees of 5,950 shares	—	Note 28
2015-06	10	360,000,000	3,600,000,000	268,687,759	2,686,877,590	Cancellation of restricted shares for subscription by employees of 95,200 shares	—	Note 29
2015-09	10	360,000,000	3,600,000,000	268,465,059	2,684,650,590	Cancellation of restricted shares for subscription by employees of 222,700 shares	—	Note 30
2015-12	10	360,000,000	3,600,000,000	268,441,959	2,684,419,590	Cancellation of restricted shares for subscription by employees of 23,100 shares	—	Note 31
2015-12	10	360,000,000	3,600,000,000	268,187,859	2,681,878,590	Cancellation of restricted shares for subscription by employees of 254,100 shares	—	Note 32
2016-05	10	360,000,000	3,600,000,000	268,115,759	2,681,157,590	Cancellation of restricted shares for subscription by employees of 72,100 shares	—	Note 33
2016-09	10	360,000,000	3,600,000,000	169,641,519	1,696,415,190	Cover losses NT\$984,728,400 Cancellation of restricted shares for subscription by employees of 1,400 shares	—	Note 34
2017-05	10	360,000,000	3,600,000,000	169,601,278	1,696,012,780	Cancellation of restricted shares for subscription by employees of 40,241 shares	—	Note 35

Year and month	Price of issuance	Approved share capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Those using assets other than cash to offset the share price	Others
2017-08	15.95	360,000,000	3,600,000,000	188,410,055	1,884,100,550	Private placement of ordinary shares for raise funds of 18,808,777 shares	—	Note 36
2017-09	10	360,000,000	3,600,000,000	188,393,604	1,883,936,040	Cancellation of restricted shares for subscription by employees of 16,451 shares	—	Note 37
2018-09	12.71	360,000,000	3,600,000,000	206,393,604	2,063,936,040	Cash capital increase 18,000,000 shares	—	Note 38
2019-08	—	500,000,000	5,000,000,000	206,393,604	2,063,936,040	—	—	Note 39
2022.06	20	500,000,000	5,000,000,000	223,393,604	2,233,936,040	Cash capital increase 17,000,000 shares	—	Note 40
2023.01	10.3	500,000,000	5,000,000,000	224,185,604	2,241,856,040	Employee stock option exercised 792,000 shares	—	Note 41
2023.06	10.3	500,000,000	5,000,000,000	224,329,604	2,243,296,040	Employee stock option exercised 144,000 shares	—	Note 42
2023.09	—	500,000,000	5,000,000,000	144,329,604	1,443,296,040	Cover losses NT\$800,000,000	—	Note 43
2024.03	16	500,000,000	5,000,000,000	144,605,604	1,446,056,040	Employee stock option exercised 276,000 shares	—	Note 44
113.06	16.0	500,000,000	5,000,000,000	145,190,604	1,451,906,040	Employee stock option exercised 585,000 shares	—	Note 46
113.07	19.6	500,000,000	5,000,000,000	185,190,604	1,851,906,040	Cash capital increase 40,000,000 shares	—	Note 47
113.10	16.0 15.2	500,000,000	5,000,000,000	185,540,604	1,855,406,040	Employee stock option exercised 350,000 shares	—	Note 48
113.11	15.2	500,000,000	5,000,000,000	186,233,604	1,862,336,040	Employee stock option exercised 693,000 shares	—	Note 49

Note:

- December 9, 1999, Jing-(1999)-Zhong-Zi No. 49134.
- May 20, 2000, Jing-(2000)-Zhong-Zi No. 428804.
- August 15, 2000, Jing-(2000)-Shang-Zi No. 129061.
- November 1, 2000, Jing-(2000)-Shang-Zi No. 140721.
- January 29, 2001, Jing-(2001)-Shang-Zi No. 102838.
- Approved by Securities and Futures Commission, Ministry of Finance, letter Tai-Cai-Zheng-Yi-Zi No. 0920134296 dated July 29, 2003.
- Approved by Securities and Futures Commission, Ministry of Finance, letter Tai-Cai-Zheng-Yi-Zi No. 0920162821 dated January 12, 2004.
- Approved by Securities and Futures Commission, Ministry of Finance, letter Tai-Cai-Zheng-Yi-Zi No. 0930127233 dated June 18, 2004.
- Approved by Financial Supervisory Commission, Executive Yuan, letter Jin-Guan-Zheng-Fa-Zi No. 0960015388 dated April 11, 2007.
- September 29, 2007, Jing-Shou-Shang-Zi No. 09601236510.
- October 31, 2007, Jing-Shou-Shang-Zi No. 09601266580.
- August 13, 2008, Jing-Shou-Shang-Zi No. 09701196370.
- August 4, 2009, Jing-Shou-Shang-Zi No. 09801172610.
- October 20, 2009, Jing-Shou-Shang-Zi No. 09801241010.
- January 20, 2010, Jing-Shou-Shang-Zi No. 09901013580.
- March 16, 2010, Jing-Shou-Shang-Zi No. 09901050060.
- October 19, 2010, Jing-Shou-Shang-Zi No. 09901235310.
- January 17, 2011, Jing-Shou-Shang-Zi No. 10001007830.
- April 11, 2011, Jing-Shou-Shang-Zi No. 10001067970.
- Approved by Financial Supervisory Commission, Executive Yuan, letter Jin-Guan-Zheng-Fa-Zi No. 1000010164 dated March 21, 2011; June 15, 2011, Jing-Shou-Shang-Zi No. 10001120220.

21. Approved by Financial Supervisory Commission, Executive Yuan, letter Jin-Guan-Zheng-Fa-Zi No. 1000040118 dated August 30, 2011; September 15, 2011, Jing-Shou-Shang-Zi No. 10001214540.
22. December 6, 2011, Jing-Shou-Shang-Zi No. 10001276290.
23. January 17, 2012, Jing-Shou-Shang-Zi No. 10101008830.
24. Approved by Financial Supervisory Commission, Executive Yuan, letter Jin-Guan-Zheng-Fa-Zi No. 1010037345 dated August 30, 2012; November 1, 2012, Jing-Shou-Shang-Zi No. 10101225330.
25. Approved by Financial Supervisory Commission, Executive Yuan, letter Jin-Guan-Zheng-Fa-Zi No. 1020029855 dated July 31, 2013; September 6, 2013, Jing-Shou-Shang-Zi No. 10201183260.
26. January 3, 2014, Jing-Shou-Shang-Zi No. 10201268260.
27. September 1, 2014, Jing-Shou-Shang-Zi No. 10301181640.
28. December 12, 2014, Jing-Shou-Shang-Zi No. 10301248100.
29. June 11, 2015, Jing-Shou-Shang-Zi No. 10401100930.
30. September 2, 2015, Jing-Shou-Shang-Zi No. 10401182620.
31. December 8, 2015, Jing-Shou-Shang-Zi No. 10401254400.
32. February 15, 2016, Jing-Shou-Shang-Zi No. 10501029610.
33. May 27, 2016, Jing-Shou-Shang-Zi No. 10501114780.
34. September 9, 2016, Jing-Shou-Shang-Zi No. 10501215180.
35. May 22, 2017, Jing-Shou-Shang-Zi No. 10601065100.
36. August 15, 2017, Jing-Shou-Shang-Zi No. 10601113020.
37. September 11, 2017, Jing-Shou-Shang-Zi No. 10601128490.
38. September 17, 2018, Jing-Shou-Shang-Zi No. 10701113510.
39. August 2, 2019, Jing-Shou-Shang-Zi No. 10801090210.
40. June 6, 2022, Jing-Shou-Shang-Zi No. 11101096240.
41. January 16, 2023, Jing-Shou-Shang-Zi No. 11230005190.
42. June 13, 2023, Jing-Shou-Shang-Zi No. 11230089990.
43. September 6, 2023, Jing-Shou-Shang-Zi No. 1123016428.
44. March 21, 2024, Jing-Shou-Shang-Zi No. 11330043870.
45. March 21, 2024, Jing-Shou-Shang-Zi No. 11330043870.
46. June 6, 2024, Jing-Shou-Shang-Zi No. 11330088540.
47. July 17, 2024, Jing-Shou-Shang-Zi No. 11330115470.
48. October 4, 2024, Jing-Shou-Shang-Zi No. 11330156850.
49. November 26, 2024, Jing-Shou-Shang-Zi No. 11330206110.

(II) List of major shareholders:

April 21, 2025

Name of major shareholder	Share	Number of shares held	Shareholding ratio (%)
Hong Yuan International Investment Co., Ltd.		6,749,826	3.62%
Hung Yang Venture Investment Co., Ltd.		6,464,371	3.47%
Hongchi International Investment Co., Ltd.		5,163,306	2.77%
Hsiao, Chia-Sung		4,730,000	2.54%
Chung, Chih-Ming		3,227,038	1.73%
Lai, Hsiu-Chi		2,769,838	1.49%
TEH TAI STEEL CO., LTD.		2,700,797	1.45%
Chen, Ta-Yu		2,452,809	1.32%
Standard Chartered Trusteeship of Liechtenstein Bank		2,040,870	1.10%
Bingde International Investment Co., Ltd.		2,016,871	1.08%

(III) Corporate dividend policies and execution

1. Company dividend policy.

If the Company makes a profit during the year (the so-called profit refers to the pre-tax profit before the distribution of employee compensation and directors' compensation), 8% shall be allocated for employee remuneration and no more than 0.1% shall be allocated for directors' remuneration.

However, if the Company still has accumulated losses, profits shall be reserved for making up the accumulated losses first.

The employee remuneration may be made in the form of shares or cash, and the subjects for receiving the shares or cash may include employees of the affiliated companies meeting certain specific criteria and the board of directors shall be authorized to establish said specific criteria.

The preceding two paragraphs shall be executed in accordance with the resolution of the Board of Directors meeting and shall be reported to the shareholder meeting.

The distribution of earnings or covering of losses of the Company may be executed at the end of each semi-annual fiscal year. Where there are surplus earnings after account closure at the end of each semi-annual fiscal year, an amount shall first be appropriated to pay taxes, make up accumulated losses and to estimate and reserve the remuneration of employees, followed by setting aside 10% thereof as the legal reserve; however, when the legal reserve has reached the total amount of the capital of the Company, such restriction shall not apply. The special surplus reserve shall be allocated or converted according to the laws, decrees, or regulations of the competent authority. If there is any surplus, the balance plus the accumulated undistributed surplus in the first half of the fiscal year shall be used as shareholder dividends. The board of directors shall draft a distribution proposal; if it is executed in the form of new share issuance, it shall submit the proposal to the shareholders meeting for resolution after which it shall be distributed; if the dividend is issued in cash, the case shall be resolved by the board of directors.

If there is a surplus in the Company's annual final accounts, the Company shall first pay off the taxes, make up for the accumulated losses and allocate 10% as statutory surplus reserve. However, this provision shall not apply if the statutory surplus reserve has reached the total capital of the Company. The special surplus reserve shall be allocated or converted according to the laws, decrees or regulations of the competent authority. If there is any surplus, the balance plus the accumulated undistributed surplus in the first half of the fiscal year shall be used as shareholder dividends. The board of directors shall draft a distribution proposal; if it is executed in the form of new share issuance, it shall submit the proposal to the shareholders' meeting for resolution after which it shall be distributed.

If the Company intends to distribute all or part of the dividends, bonuses, statutory surplus reserve or capital reserve in cash, the proposal shall be authorized by a board of directors meeting with over 2/3 of the entire board members attending and approval of over half of those present at the meeting and then submit the proposal to the shareholders' meeting for resolution.

The Company is currently in a growing phase, and will strive for business

development and expansion in the future. The Company's surplus distribution shall be made based on its future capital expenditure budget and capital needs. However, the distribution of shareholders' dividends shall not be less than 20% of the lower value of the earnings after tax or distributable earnings of the current period. Among the dividends distributed in the current year, the cash dividends shall not be less than 50%.

2. Circumstances of the proposed dividend distribution for this shareholders' meeting: There is no proposed dividends distribution at this shareholders' meeting
3. Description of significant dividends policy changes expected: None.

(IV) Effect upon business performance and earnings per share of any stock dividends distribution proposed or adopted at the most recent shareholders' meeting. There is no stock dividends distribution proposed at this shareholders' meeting, thus, it is not applicable.

(V) Compensation of employees and directors

1. The percentage or scope of remuneration for employees and directors as provided by the Company's Articles of Incorporation:

If the Company makes a profit during the year (the so-called profit refers to the pre-tax profit before the distribution of employee compensation and directors' compensation), 8% of the profit shall be allocated for the remuneration of employees, among which the amount distributed as remuneration of entry-level employees shall not be less than 50%, and no more than 0.1% of the profit shall be allocated for directors' remuneration. However, if the Company still has accumulated losses, profits shall be reserved for making up the accumulated losses first.

The employee remuneration may be made in the form of shares or cash, and the subjects for receiving the shares or cash may include employees of the affiliated companies meeting certain specific criteria and the board of directors shall be authorized to establish said specific criteria.

The preceding two paragraphs shall be executed in accordance with the resolution of the Board of Directors meeting and shall be reported to the shareholder meeting.

2. Account handling when the basis for the assessment of employee's and director's remuneration amount, the basis of calculation for the number of shares distributed as employee remuneration and the actual estimated amount for this period are inconsistent:

For the year 2024, the Company has losses waiting for make up and there is no distribution of remuneration for employees and directors and there is no circumstances of estimation difference.

3. Remuneration distribution approved by the board of directors:
 - (1) The amount of the remuneration paid in cash or stocks, for the employees and directors:

For the year 2024, the Company has losses to be compensated such that there is no distribution of remuneration for employees and directors, and the amount of the actual distribution and on the financial account are both 0.
 - (2) The amount of employee remuneration distributed in stock, the proportion of the total after-tax net profit and total employee compensation in the individual or individual financial reports of the current period: not applicable.
4. The actual remuneration distribution for employees and directors in the previous year (including the number of shares distributed, amount, and stock price) and the number of discrepancies, reasons and handling status must be disclosed if different from the remuneration recognized for employees and directors: not applicable.

For the year 2024, the Company has losses to be compensated such that there is no distribution of remuneration for employees and directors, and the amount of the actual distribution and on the financial account are both 0.

(VI) Company shares buyback status: None.

- II. Handling of corporate debts: None.
- III. Preferred share handling status: None.
- IV. Overseas depository receipt handling status: None.
- V. Employee stock option handling status: None.
- VI. Restricted shares for employee subscription handling status: None
- VII. Mergers and acquisitions or share transfer to other companies for new share issuance handling status: None.

VIII.

IX. Execution of the capital utilization plan:

For the previous issuances or private placement of securities that have not been completed or have been completed within the last 3 years but the benefits are not apparent as of the quarter prior to the publication date of this annual report of the Company; please describe the content, implementation, and benefit analysis of each plan:

(I) Proposal for the 2021 cash capital increase with issuance of new shares

1. Plan content

- (1) Approved date and the file number of the competent authority: letter Jin-Guan-Zheng-Fa-Zi No. 1100379092 dated January 26, 2022 has filed and become effective.
- (2) Total capital amount required for the plan: NT\$ 340,000
- (3) Source of fund for the plan: cash capital increase of 17,000 thousand shares, at the issue price of NT\$20 per share, for a total of NT\$340,000 thousand.
- (4) Project items and scheduled fund utilization progress

Unit: NT\$ thousand

Project items	Anticipated completion date	Total capital amount required	Scheduled fund utilization progress	
			2022	
			Q2	Q3
Enrich working capital	2022 Second Quarter	68,000	68,000	—
Bank loan repayment	2022 Third Quarter	272,000	233,713	38,287
Total		340,000	301,713	38,287

(5) Expected potential benefits

A. Bank loan repayment

The Company's cash capital increase in 2021 was expected to raise NT\$340,000 thousand, among which NT\$272,000 thousand was to be used for repaying bank loans. In addition to reducing the interest burden and improving the solvency, it could also reduce the debt ratio and increase long-term capital stability, to strengthen the Company's financial structure. Calculated based on the Company's borrowing rate, it was expected to save NT\$2,655 thousand in the interest expense in 2022, and to save NT\$4,764 thousand of interest expense for each subsequent year.

B. Enrich working capital

For previous fund raising project of the Company, NT\$68,000 thousand of the fund raised was to be used for replenishing the working capital. If calculation was made based on the average borrowing rate 1.60% in the first three quarters of 2021, it could save approximately NT\$756 thousand in interest expenses in 2022, the interest expense could be saved by approximately NT\$1,088 thousand per year in the following years, which would moderately reduce the Company's financial burden, strengthen the short-term solvency, and increase the Company's ability to respond to the changes in the external environment.

2. Implementation status

Unit: NT\$ thousand; %

Project items	Implementation status		2022 Second Quarter	Reasons for progress ahead or behind schedule and improvement plans
Enrich working capital	Amount spent	Estimated	68,000	This project has been completed in the second quarter of 2022 as planned.
		Actual	68,000	
	Implementation progress	Estimated	100%	
		Actual	100%	
Bank loan repayment	Amount spent	Estimated	272,000	
		Actual	272,000	
	Implementation progress	Estimated	100%	
		Actual	100%	

The Company's 2021 cash capital increase with issuance of new shares was completed on May 23, 2022. The Company has repaid bank loans and replenished working capital in accordance with the aforementioned progress of capital utilization. As of the second quarter of 2022, the Company has repaid all the bank loans and replenished the working capital in full with the funds raised by the plan, and there is no delay in the use of funds, or unreasonable use of funds. There is no change in the plan either.

3. The benefit analysis

A. Bank loan repayment

(A) Reduce interest expense and mitigate financial burden

Unit: US\$ thousand; NT\$ thousand

Loan institution	Interest rate (%)	Contract period	Purpose of the original loan	Loan amount (Note 1)	Repayment amount	Reduction of interest expense	
						2022	Each subsequent year
Bank of Taiwan	2.405	2020.02.14~2022.08.12	Business revolving fund	100,000	100,000	1,403	2,405
Land Bank of Taiwan	1.945	2020-09-10~2023-09-10	Business revolving fund	60,370	38,287	373	745

Taiwan Cooperative Bank	1.427	2021.11.29~2022.05.28	Business revolving fund	8,343 (US\$300)	8,343	69	119
Taiwan Cooperative Bank	1.427	2021.12.01~2022.05.30	Business revolving fund	47,362 (US\$1,700)	47,362	395	676
First Commercial Bank	1.050	2021.12.01~2022.05.30	Business revolving fund	78,008 (US\$2,800)	78,008	478	819
Total				294,083	272,000	2,718	4,764

Note 1: NTD to USD is calculated based on the exchange rate provided by the bank when the loan is drawn and used.

Note 2: It is expected that the bank loan will be repaid on a quarterly basis in accordance with the project schedule starting in May 2022.

The Company's cash capital increase with issuance of new shares raised NT\$340,000 thousand, and among which NT\$272,000 thousand was used for the repayment of bank loans, in order to prevent reduction of profit due to interest expense of the original loan. Based on the consideration of the actual interest rate of each loan, the interest expense at an amount of NT\$2,718 thousand has been saved in 2022, such that the financial burden can be reduced appropriately, thereby reducing the dependence on the financial institution while increasing the medium and long term capital stably. Accordingly, for the fund raised from the present cash capital increase with issuance of new shares, the benefit of actual interest expense saved shall be considered reasonable.

(B) Increase solvency, and strengthen financial structure

Unit: %

Item		Year	4th quarter of 2021 (Before fundraising)	4th quarter of 2022 (After fundraising)
Financial structure	Debt ratio		67.76	57.87
	The ratio of long-term funds to property, plant, and equipment		253.67	259.20
Solvency	Current ratio		112.09	192.98
	Quick ratio		96.24	166.38

A portion of the capital raised under the present plan of Company is used for the repayment of bank loans, and the debt ratio has been reduced from 67.76% to 57.87%. The ratio of long-term capital to property, plant and equipment has increased from 253.67% to 259.20%. The current ratio and quick ratio have also increased from 112.09% and 96.24% before the financing to 192.98% and 166.38%, respectively, such that the solvency is enhanced, thereby improving the Company's capability in handling the risk of external environmental changes. In general, the benefit of the present raise of capital has further enhanced the security of the financial structure and stability of sustainable operation of the Company while strengthening the short-term solvency of the Company, such that its actual effect is reasonable.

B. Enrich working capital

For the fundraising utilization plan of the Company, NT\$68,000 thousand of the capital raised is used to replenish the working capital, and it is mainly to cope with the revolving fund and material purchase payment necessary for the future business operation. If the average loan interest rate of 1.60% in 2022 is used for calculation, the Company has saved the interest expense of NT\$756 thousand in 2022, and the interest expense of NT\$1,088 thousand can also be saved for each subsequent year. Accordingly, the benefit of saving of the interest expense is considered reasonable.

The Company's parent company only operating revenues for 2022 and 2021 were NT\$2,092,473 thousand and NT\$1,678,626 thousand, respectively, and the gross profits were NT\$(128,680) thousand and NT\$59,936 thousand, respectively. Although the revenue declined, the gross profits have increased significantly due to the improvement of product structure, indicating that the funds raised by the Company are used to enrich the fund demanded by the operations, and the benefits have been revealed.

In conclusion, the funds raised from the cash capital increase with issuance of new shares were used to repay bank loans and replenish the working capital, in order to improve the flexibility of capital utilization, improve the financial structure, which is beneficial to the Company's overall development.

(II) Proposal for the 2024 1st time of cash capital increase with issuance of new shares

1. Plan content

- (1) Approved date and the file number of the competent authority: letter Jin-Guan-Zheng-Fa-Zi No. 1130338000 dated April 24, 2024 has filed and become effective.
- (2) Total amount of fund required for this plan: NT\$800,000 thousand.
- (3) Source of fund: cash capital increase of 40,000 thousand shares, at the issue price of NT\$20 per share, for a total of NT\$800,000 thousand.
- (4) Plan item and fund utilization progress

Unit: NT\$ thousand

Project items	Anticipated completion date	Total capital amount required	Scheduled fund utilization progress			
			2024			
			Q1	Q2	Q3	Q4
Enrich working capital	3rd quarter of 2024	80,590	—	—	80,590	—
Bank loan repayment	3rd quarter of 2024	719,410	—	—	719,410	—
Total		800,000	—	—	800,000	—

Source of information: Information provided by the Company.

- (5) Expected potential benefits
 - A. Bank loan repayment

The Company's cash capital increase in 2024 was expected to raise NT\$800,000 thousand, among which NT\$719,410 thousand was to be used for repaying bank loans. In addition to reducing the interest burden and improving the solvency, it could also reduce the debt ratio and increase long-term capital stability, to strengthen the Company's financial structure. Calculated based on the Company's borrowing rate, it was expected to save NT\$7,903 thousand in the interest expense in 2024, and to save NT\$17,767 thousand of interest expense for each subsequent year.

B. Enrich working capital

For previous fund raising project of the Company, NT\$80,590 thousand of the fund raised was to be used for replenishing the working capital. If calculating based on the average borrowing rate 2.47% in 2023, it could save approximately NT\$830 thousand in interest expenses in 2024, the interest expense could be saved by approximately NT\$1,991 thousand per year in the following years, which would moderately reduce the Company's financial burden, strengthen the short-term solvency, and increase the Company's ability to respond to the changes in the external environment.

2. Implementation status

Unit: NT\$ thousand

Project items	Implementation status		3rd quarter of 2024	Reasons for progress ahead or behind schedule and improvement plans
Enrich working capital	Amount spent	Estimated	80,590	Third project has been completed in the third quarter of 2024 as planned.
		Actual	80,590	
	Implementation progress	Estimated	100%	
		Actual	100%	
Bank loan repayment	Amount spent	Estimated	719,410	
		Actual	719,410	
	Implementation progress	Estimated	100%	
		Actual	100%	

Source of information: Information provided by the Company.

The Company's 2024 cash capital increase with issuance of new shares was completed on June 19, 2024. The Company has repaid bank loans and replenished working capital in accordance with the aforementioned progress of capital utilization. As of the third quarter of 2024, the Company has repaid all the bank loans and replenished the working capital in full with the funds raised by the plan, and there is no delay in the use of funds, or unreasonable use of funds. There is no change in the plan either.

3. The benefit analysis

A. Bank loan repayment

(A) Reduce interest expense and mitigate financial burden

Unit: NT\$ thousand

Bank	Purpose	Contract period	Loan amount	Interest rate (%)	Repayment amount	Interest reduced (Note)	
						2024	Each subsequent year
Mega International Commercial Bank	Working capital	2023.10.20~2024.04.20	60,000	2.674	60,000	585	1,604
Hua Nan Commercial Bank	Working capital	2023.12.08~2024.06.08	72,000	2.564	72,000	657	1,846
First Commercial Bank	Working capital	2024.02.06~2025.02.05	200,000	2.700	200,000	2,397	5,400
Sunny Bank	Working capital	2023.07.14~2024.07.14	50,000	2.470	50,000	582	1,235
Bank of Panhsin	Working capital	2024.02.15~2024.08.13	120,000	2.090	120,000	1,230	2,508
Sunny Bank	Working capital	2021.09.29~2028.09.29	58,000	2.674	58,000	731	1,551
Sunny Bank	Working capital	2020.07.14~2027.07.14	550,000	2.470	35,960	419	888
Taiwan Cooperative Bank	Working capital	2023.12.26~2028.12.26	470,000	2.413	37,800	447	912
Bank of Panhsin	Operating revolving fund	2022.09.02~2025.09.02	60,000	2.290	14,400	164	330
The Shanghai Commercial & Savings Bank	Working capital	2021.10.08~2027.10.12	300,000	2.095	56,250	546	1,178
Hua Nan Commercial Bank	Working capital	2022.01.17~2027.01.17	100,000	2.095	15,000	146	314
Total	-	-	2,040,000	-	719,410	7,903	17,767

Source of information: Information provided by the Company.

Note: The loan was repaid subsequently after the first half of July 2024. Therefore, the interest savings amount in 2024 was estimated based on the repayment periods of each loan.

The Company's cash capital increase with issuance of new shares raised NT\$800,000 thousand, and among which NT\$719,410 thousand was used for the repayment of bank loans, in order to prevent reduction of profit due to interest expense of the original loan. After considering the actual interest rates of each loan, the Company expects to repay the principal and interest in 2024 and thereafter, the Company can save interest expenses of NT\$7,903 thousand and NT\$17,767 thousand, respectively, to appropriately reduce financial burden, reduce dependence on financial institutions, and increase

medium and long-term stable capital. Therefore, the capital raised by the issuance of new shares is partially used to repay bank loans, and the actual benefit of interest savings shall be considered reasonable.

(B) Increase solvency, and strengthen financial structure

Unit: %

Item		Year	4th quarter of 2023 (Before fundraising)	3rd quarter of 2024 (After fundraising)
Financial structure	debt ratio		66.36	46.78
	The ratio of long-term funds to property, plant, and equipment		205.84	281.00
Solvency	Current ratio		100.74	234.97
	Quick ratio		89.84	203.50

Source of information: Information provided by the Company.

A portion of the capital raised under the present plan of Company is used for the repayment of bank loans, and the debt ratio has been reduced from 66.36% to 46.78%. The ratio of long-term capital to property, plant and equipment has increased from 205.84% to 281.00%. The current ratio and quick ratio have also increased from 100.74% and 89.84% before the financing to 234.97% and 203.50%, respectively, such that the solvency is enhanced, thereby improving the Company's capability in handling the risk of external environmental changes. In general, the benefit of the present raise of capital has further enhanced the security of the financial structure and stability of sustainable operation of the Company while strengthening the short-term solvency of the Company, such that its actual effect is reasonable.

B. Enrich working capital

The total amount of capital raised under the present plan is NT\$80.590 thousand, of which NT\$68,000 thousand is used to replenish the working capital, and it is mainly to cope with the revolving fund and material purchase payment necessary for the future business operation. If the current average loan interest rate of 2.47% is used for calculation, the Company is expected to save the interest expense of NT\$830 thousand in 2024, and the interest expense of NT\$1,991 thousand can also be saved for each subsequent year. Accordingly, the benefit of saving of the interest expense is considered reasonable, and the benefit for the present project of replenishment of working capital has been achieved.

The Company's parent company only operating revenue for the first three quarters of 2024 and the first three quarters of 2023 were NT\$1,495,466 thousand and NT\$1,215,755 thousand, respectively, and the gross profits was NT\$81,809 thousand and NT\$37,766 thousand, respectively. Both revenue and gross profit showed an increasing trend under the product structure improvement, indicating that the Company's capital has been

used to enrich the operations, and the benefits have already been revealed. In conclusion, the funds raised from the cash capital increase with issuance of new shares were used to repay bank loans and replenish the working capital, in order to improve the flexibility of capital utilization, improve the financial structure, which is beneficial to the Company's overall development.

(III) Proposal for the 2024 2nd cash capital increase with issuance of new shares

1. Plan content

- (1) Approved date and the file number of the competent authority: letter Jin-Guan-Zheng-Fa-Zi No. 1140380996 dated March 4, 2025 has filed and become effective.
- (2) Total amount of fund required for this plan: NT\$1,000,000 thousand.
- (3) Source of fund: cash capital increase of 40,000 thousand shares, at the issue price of NT\$25 per share, for a total of NT\$1,000,000 thousand.
- (4) Plan item and fund utilization progress

Unit: NT\$ thousand

Project items	Anticipated completion date	Total capital amount required	Scheduled fund utilization progress			
			2025			
			Q1	Q2	Q3	Q4
Purchase of machinery and equipment	4th quarter of 2025	124,311	—	56,270	45,435	22,606
Bank loan repayment	2nd quarter of 2025	625,528	—	625,528	—	—
Enrich working capital	3rd quarter of 2025	250,161	—	180,161	70,000	—
Total		1,000,000	—	861,959	115,435	22,606

Source of information: Information provided by the Company.

(5) Expected potential benefits

a) Purchase of machinery and equipment

For this project of the Company, an amount of NT\$124,311 thousand is used for the purchase of machinery and equipment to expand the production capacity to support the Company's future production and operation, including 3D glass lamination machine, surface polishing machine, curve thermoforming machine, air compressor replacement project and customized 3D automatic printing size measuring equipment, etc. The present machinery and equipment required for the expansion of production capacity will be used for operation consecutively, and the estimated purchase list and the estimated production value, sales value, operating revenue, operating gross

profit and operating profit of the on-board products are shown in the following table:

Unit: NT\$ thousand

Equipment name	Quantity	Amount
3D glass lamination machine	5	12,050
Surface polishing machine	2	19,000
Thermoforming machine	11	66,445
Air compressor replacement project	1	8,500
Customized 3D automatic printing size measuring equipment	4	10,757
Others	—	7,559
Total	—	124,311

Source of information: Information provided by the Company.

Unit: NT\$ thousand; KPCS

Year \ Item	Automotive products			
	Output value	Output volume	Sales value	Sales volume
2024	—	0.4	—	—
2025	—	2.0	—	—
2026	45,900	7.8	28,082	7.8
2027	395,443	143.0	494,246	143.0
2028	666,227	264.0	875,956	264.0

Source of information: Information provided by the Company.

Unit: NT\$ thousand

Year	Item	Sales value	Gross profit	Operating profit
2024	Automotive products	—	—	(18,000)
2025		—	—	(36,000)
2026		28,082	(17,818)	(56,907)
2027		494,246	98,802	64,205
2028		875,956	209,729	148,412

Source of information: Information provided by the Company.

For the Company's present plan to purchase machinery and equipment, the expected capital return year is approximately 4 years.

The details of the cash flow of the return are as follows:

Unit: NT\$ thousand

Year	Operating profit	Instruments and equipment depreciation expenses	Total	Accumulated amount
2024	(18,000)	—	(18,000)	(18,000)
2025	(36,000)	—	(36,000)	(54,000)
2026	(56,907)	6,216	(50,691)	(104,691)
2027	64,205	15,539	79,744	(24,947)
2028	148,412	15,539	163,951	139,004

Source of information: Information provided by the Company.

b) Bank loan repayment

The Company's present financing plan is expected to raise NT\$625,528 thousand and such amount is to be used for the repayments of bank borrowings, such that it is able to save interest expense, to improve financial structure and to mitigate financial burden, and it is also able to reduce the bank dependency, to increase fund movement flexibility and to reduce operating risk. It is able to

save interest expense of NT\$12,344 thousand in 2025, and to save interest expense of NT\$16,511 thousand for each subsequent year.

c) Enrich working capital

For present fund raising project of the Company, NT\$205,161 thousand of the fund raised is to be used for replenishing the working capital. If calculation is made based on the average borrowing rate 2.64% in 2025, it is able to save approximately NT\$4,062 thousand in interest expenses in 2025, the interest expense can be saved by approximately NT\$5,416 thousand per year in the following years, which will moderately reduce the Company's financial burden, strengthen the short-term solvency, and increase the Company's ability to respond to the changes in the external environment.

2. Implementation status

The fund raised was fully received on May 14, 2025, and as of the publication date of the annual report, the fund has not been used.

3. The benefit analysis

Not applicable; the present fund raising has not been executed as of the date of publication of the annual report, and no actual benefit has been generated.

Four. Operation Overview

I. Business content

(I) Business scope

The Company focuses on providing the services of glass processing and manufacturing, and the production capacity and product lines have kept pace with the times and even lead the industry planning. With the Company's prospective industry deployment from glass cutting, thinning, strengthening, coating, to the expansion and construction of its 3D forming process plant in recent years. In addition, the Company is equipped with comprehensive technologies capable of satisfying the demands of different markets while providing a series of diversified and integrated glass processing and production services to our customers. From the AR multi-layer coating technologies to the high difficulty of large 3D CG and automotive interior mechanical parts, despite there are competitors in each field, there are few suppliers capable of providing integrated services of various manufacturing processes and even the integration of optoelectronics and building product technologies at the same time. Accordingly, this is the greatest advantage of G-TECH in the field of glass processing services. With the rise of new technologies such as the internet of things, artificial intelligence and 5G networks, touch screens are constantly being developed for factory control, automobile, smart home, education, healthcare and other various applications, which are exactly the directions for our company's product development. The products extend from glass processing of consumer electronic products to TP Module services, and the coating technology applications span across the industrial products of optoelectronics, medical care and construction. Customers were also expanded from LCM and industrial control plant in the early stage to the end customers, such as sports, in-vehicle and buildings.

1. The scope of business and products of the Company are as follows:

- (1) Smart optoelectronic glass products: Provide touch control sensing and protective panel glass, large-size ultra-thin glass substrate processing, advanced FOPLP application.
- (2) Smart automotive glass products: Provide the technical applications of multi-curved 3D integrated single piece glass, dashboard/mechanical/interior decoration glass.
- (3) Smart building glass products: Provide low radiated (Low-E) energy-saving glass, LED+IGU multi-layer window glass, BIPV building integrated solar products.

2. The Company's main products and their business weight

		Unit: NT\$ thousand			
Product type	Year	2023		2024	
		Sales value	%	Sales value	%

Smart cars	603,312	32.45%	599,204	27.70%
Smart optoelectronics	1,030,800	55.45%	1,350,607	62.44%
Smart buildings	224,927	12.10%	213,369	9.86%
Total	1,859,040	100.00%	2,163,181	100.00%

(II) Industry overview

1. Smart automotive Industry development

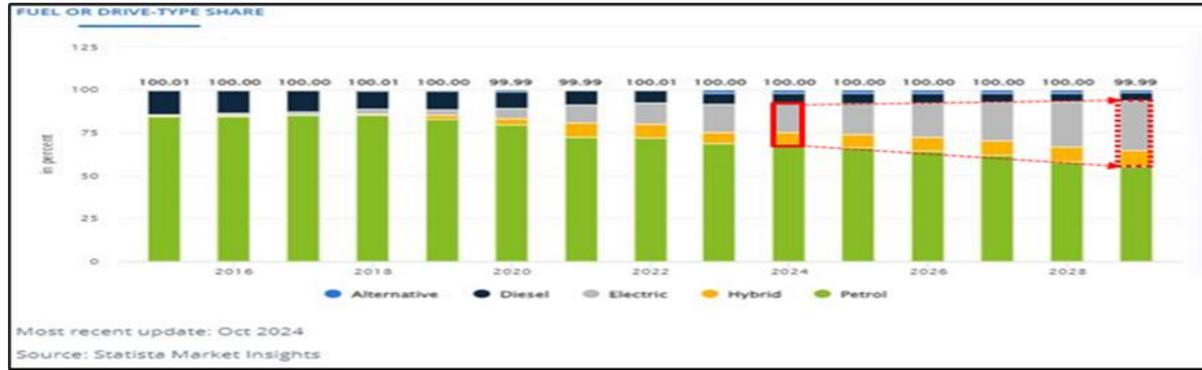
(1) Automotive market

Since the beginning of COVID-19 in 2020, automobile sales volume dropped to below 60 million units due to the shortage of IC sales and production volume. In 2021 and 2022, the sales volume was still affected by the material shortage, but the volume increased gradually. In 2023, as the COVID-19 pandemic mitigated, the consumer and tourism market recovered. Under the condition of low inventory of second-hand vehicles, the automotive market recovery was promoted, and the sales volume increased. The global automotive market is expected to reach US\$3.43 trillion in 2029, and the compound annual growth rate is 7.99% from 2024 to 2029.

(2) Electric vehicle market

In 2024, the new car penetration rate of global electric vehicles was approximately 25%, and the market share is expected to reach 38% by 2029. Electric vehicle has become an irreversible trend, and to expand the overall electric vehicle market, auto makers continue to release greater affordable vehicle models. However, safety factor is still an important consideration to vehicles. Accordingly after the market adjustment, electric vehicles are expected to head toward the development of “fair price” rather than “low price”.

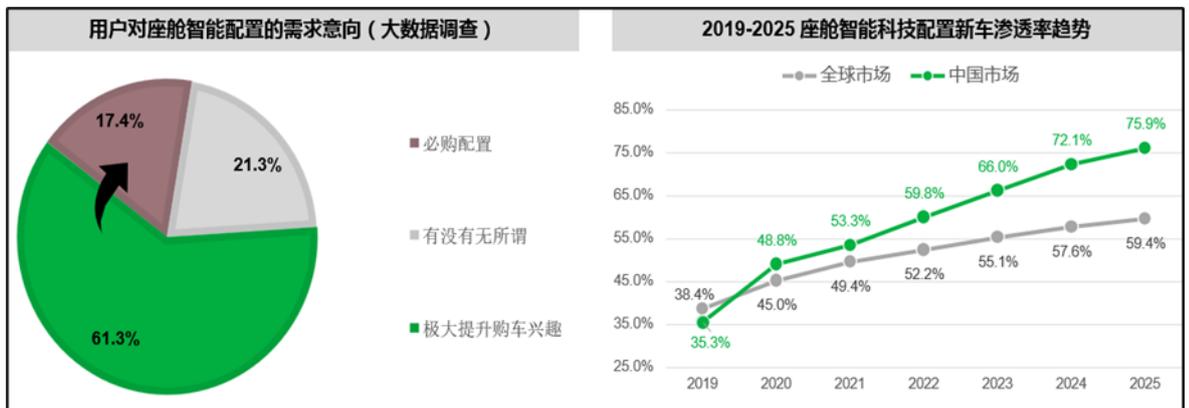
Despite that the trend of electric vehicles is prominent, governments and industry sectors still suggest that the pursuit of electrification to achieve net zero emission is not optimal, and it is necessary to consider other synthetic fuel battery vehicles in order to achieve energy optimization. Government subsidies have become the key support to the current EV market. At the end of 2022, there have been some reduction of vehicle purchase subsidies in several countries (China, UK, Germany, Norway, etc.), and it is expected to cause a certain industry adjustment period. For auto makers, after the survival of strong competitors in the market, the regions of China, Europe and North America are the top three markets for EV, and the EV related policies, including restrictions and incentives, in these regions will affect the supply chain production site planning.



(3) Promotion of smart cabins

The demand for electric vehicles driving power components increases, and the vehicle-to-everything market also shows a stable growth, such that it has become a standard option to new vehicles. Accordingly, the electric and smart functions of vehicles increase the PCB value and promote the continuous construction of charging pile infrastructure.

“Two Points and One Line” is the most common living style in the modern society. In addition, cabins are moving private spaces such that they become the third space between two points. With the rapid development self-driving technologies, vehicle cabins provide the function of local navigation and music playing. In addition, the internet connection and smart function improvement also promotes the active exchange and interaction for two-way communication with people from the previous passive interaction initiated by people. Such autonomous and smart communication mode is able to significantly improve user experience and work efficiency. According to the research result of IHS Markit, cabin smart technology implementation level is the second key factor next to the safety configuration, and its level of importance has exceeded the traditional vehicle purchase factors of power, space and price, indicating the cabin smart technology has become an important factor considered by users during the purchase of vehicles.



用户對座舱	Survey on user	2019-2025 座	2019-2025
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智能配置的需求意向 (大數據調查)	demands for smart cabin design (Big Data Survey)	艙智能科技配置新車滲透率趨勢	Infiltration rate and trend of cabin smart technology design for new vehicles
必購配置	Necessary design for purchase consideration	全球市場	Global market
有沒有無所謂	Not particularly interested	中國市場	Chinese market
極大提升購車興趣	Interest in car purchase increased significantly		

Human-car interaction is not limited to key, touch control and voice method, and diverse human-vehicle dialogue modes of voice assistant, gesture identification, fingerprints and sound source positioning, facial recognition, holographic projection, etc. also become available in the vehicles models in the market consecutively. The design of different human-vehicle interaction scenes and functions requires the support of great amount of sensors. In the future, sensor vehicle installation quantity will increase significantly, including cameras, millimeter wave radar and physical sign monitors. By 2030, the average single vehicle sensor installation quantity will exceed 1.1 billion units, excluding the device of ToF. In the short term, since the sales volume of smart vehicles with the single vehicle sensor quantity above two digits is relatively low, the single vehicle sensor quantity remains at a low level.



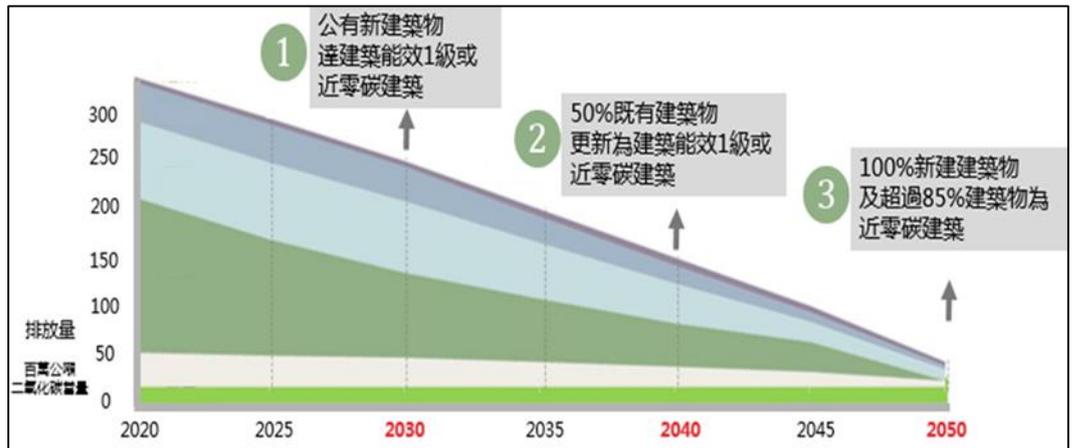
生態系統要素	Ecological system elements	網聯化技術	Networking technology
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生態參與者	Ecological Participants	數據傳輸與處理	Data transmission and processing
汽車產品	Automobile products	端→車載終端	Terminal→In-vehicle terminal
車輛要素	Vehicle elements	管→通信網絡	Pipe→communication networks
座艙載體	Cockpit carrier	雲→平台技術大數據技術	Cloud→Platform technology and big data technology
新能源汽車	New energy vehicles	基礎支撐 標準/法規	Foundation support standards / regulations
動力升級傳統汽車	Power upgrade of traditional vehicles	其他零部件供應商	Suppliers of other spare parts
汽車 OEM	Automobile OEM	環境資源	Environmental resources
座艙技術	Cockpit technology	交互要素與資源	Interaction elements and resources
智能化技術	Intelligent technology	駕乘人員	Driver and passenger
智能決策與控制	Intelligent decision-making and control	相關車輛	Related vehicles
智能駕駛	Smart driving	場所環境	Spatial environment
智能感知	Smart awareness	配套設施	Supporting measures
智能決策	Intelligent decision-making	要素服務	Factor services
智能執行	Intelligent execution	政府機構	Government institution
算法與芯片供應商	Algorithm and chip suppliers		
人工智能	Artificial intelligence		
人機交互	Human-machine interaction		
ICT 與互聯網企業	ICT & Internet enterprises		

2. Green building application trend

The National Development Council has officially announced the "Taiwan 2050 Net Zero Emission Roadmap and Strategy Overview" in March 2022, providing the path and action plan for net zero by 2050, and the three-phase goals for construction has been established (as shown in the figure). Countries worldwide have reached the consensus on achieving net zero carbon emissions.

Accordingly, green building applications have become the market trend. The products of high quality Low-E building energy saving glass, eco-friendly coating decoration glass and easy-to-clean glass released by the Green Building Business Unit of G-TECH adopt the local manufacturing process and processing method, such that the Company is able to provide Taiwan eco-friendly green building materials, in order to achieve comfortable and wonderful energy-saving living environment.



排放量	Emissions volume	50%既有建築物更新為建築能效1級或近零碳建築	50% of existing buildings are updated to Grade 1 building efficiency or nearly zero carbon building
百萬公噸二氧化碳*量	"million MtCO ₂ *** equivalent	100%新建建築物及超過85%建築物為近零碳建築	100% of the buildings are new buildings, and more than 85% of the buildings are nearly zero carbon buildings.
公有新建築物達建築能效1級或近零碳建築	The new public buildings are Grade 1 or near zero carbon buildings that can achieve the building efficiency.		

3. Product application

(1) Association between upstream, midstream, and downstream industries

Glass substrate, PET film, ITO target materials and optical clear adhesive (OCA) are upstream raw materials in the industry of touch panels and displays. Glass substrate is also divided into glass substrate for touch sensor

and cover lens for touch panels. Due to different purposes of glass substrates, the material and specification requirements are also different. Furthermore, difference among suppliers also exists. Presently, the glass substrate suppliers mainly refer to Japanese suppliers (AGC, NSG) and American suppliers (Corning).

OCA optical clear adhesives are mainly used for the bonding of touch control panels. ITO target is coated on PET film to form ITO conductive film, and ITO target is coated on glass substrate to form ITO conductive glass, following which touch control module manufacturer then performs assembly to manufacture into panels, such that the panels can then be provided for the use by the end products of mobile phones or tablet computers, etc.

The Company is in the upstream supply chain. Please refer to the image below for details:

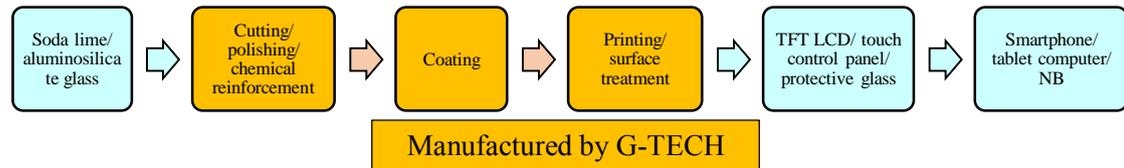


正達	G-TECH	中游	Midstream
上游	Upstream	觸控面板組裝廠	Touch control panel assembly plant
ITO 靶材	ITO target	下游	Downstream
玻璃基板	Glass substrate	智慧型手機	Smartphones
化學品	Chemicals	平板電腦	Tablet computers
導電玻璃	Conductive glass		
導電薄膜	Conductive film		
聚酯膜 (硬化膜)	Polyester film (hard coating film)		
保護玻璃	Protective glass		
觸控 IC	Touch control IC		
軟板	Flexible board		
觸控感測器	Touch control sensor		

- (2) Smart optoelectronics products: Optical coating and protective glass
 Aluminosilicate glass must undergo various processes such as cutting, edging, drilling, polishing, thinning, strengthening, printing, laser engraving, and coating based on the needs of different terminal applications.

There are also different levels of processing according to the customer's design in terms of glass shape, mechanism, and strength. There are as many as a dozen manufacturing processes, and the processing service is highly customized. The products are then shipped to the touch module or system assemblers.

The basic cover glass processes and four main product applications are as follows:



(3) Smart automotive product: 3D formation glass

The main product refers to the multi-curved 3D cover panel glass. We have cooperated with many international car manufacturers for more than 10 years to gain their trust. In addition to mass production and supply, we also participate in the early design and development stages of the products. The design of smart cockpit dashboard requires products to meet the trend of complex, continuous, and multi-curved panel surfaces, and G-TECH is able to achieve product customization meeting the requirements of large size, curved surface, and integration, aesthetic appearance, simple user interface, and enhanced user experience.

- ①. Product direction: Dashboard, mechanical interior decoration technical applications for smart cockpits.



- ②. Technical ability: The Company is equipped with the world's advanced 3D glass integration technologies, and heads towards the application and development of advanced glass thermoforming technology.



輪廓面型加工	Processing of contour surface	表面處理	Surface treatment
多軸電腦數值控制加工	Multi-axis computer numerical control	高霧度抗眩處理	High haze anti-glare treatment
表面研磨拋光	Surface grinding and polishing	大尺寸防眩光噴塗	Large-scale anti-glare coating
成型技術	Forming technology	抗反射處理	Anti-reflection treatment
多段溫控技術	Multi-stage temperature control technology	成型模具開發	Development of mold forming
自重烤彎成型	Gravity bending forming	材料	Material
真空吸引成型	Vacuum forming	輕量化	Light weight
熱壓成型	Hot pressing formation	組合模具	Combination molds
後段製程加工	Back-end processing		
非導電真空鍍膜	Non-conductive vacuum coating		
全貼合	Full lamination		
邊框/圖示材料與加工	Frame and diagram materials and processing		

- ③. Suppliers and cooperating partners: The Company was formerly a Tier 2 or Tier 3 supplier, and now the Company has transformed from the traditional labor division structure to the role of an assistant/participant in the development and supply of products.

- Traditional supply chain relationship



品牌	Brand	模組製造商	Module manufacturer
系統製造商	System manufacturer	零件製造商	Parts and components manufacturer

- Supply chain role transformation goal



系統製造商	System manufacturer	共同參與開發	joint development	品牌	Brand
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(4) Smart building products:

G-TECH is the first company in Taiwan equipped with the ultra-large-size smart glass processing production lines, and the manufacturing processes include cutting, trimming, ITO coating, physical strengthening, and bonding technology. In 2019, the Company qualified for the European Union Building Command (CPR) certification of TUV, and became the first enterprise in Taiwan to receive the CE certification for building glass.

①. Main products:

- Low radiation energy-saving glass
- LED+LED/IGU double skin Glass

- Integration of solar energy BIPV building application - SunEwat
- ②. New product development: Electronic paper material combination application
 - Use the application of the technologies of adhesive and composite layer to combine glass with electronic paper materials to present different materials, such as high-end stone materials, wood materials, and other technology applications for dynamic display.
 - Exterior walls: The color of exterior walls is changed according to the climate change, in order to achieve the energy-saving and carbon reduction function.
 - Interior decoration: The combination of glass and electronic paper materials presents the effect of different materials in one product with dynamic display.

4. Product competitiveness

Since the establishment for nearly three decades, the Company's production capacity and production lines are kept pace with the times and even lead the industry planning. With the Company's prospective industry deployment from glass cutting, thinning, strengthening, coating, to the expansion and construction of its 3D forming process plant in recent years. In addition, the Company is equipped with comprehensive technologies capable of satisfying the demands of different markets while providing a series of diversified and integrated glass processing and production services to our customers. Although there are competitors in the glass cutting, thinning, strengthening, and coating fields, G-TECH remains the only company in Taiwan and even in the world that can provide integrated production with multiple processes in terms of integrated services. This is one of G-TECH's biggest advantages in the field of glass processing services.

In terms of the technology development, for 3D large size automotive development, the Company continues to invest in the medium and large size of full-bonding process, and for large size panel development, the technology has been advanced to high bending, integrated glossy and matte surface, three dimensional variation of planar and 3D surfaces, and such technology can be achieved on one single piece of 3D glass sheet. The full bonding and injection process of curved surface can be achieved in order to satisfy the automotive electronics demands. Accordingly, the Company will continue to head toward the development of large size of automotive specification.

In addition, for the integration of electrochromic glass, the Company heads toward higher specification of film coating in order to satisfy the building glass application needs. The uniform surface impedance and coating quality are able to achieve uniform color changing efficiency during the color conversion of

large size of electrochromic glass, in order to reduce the impact of color difference during the color change of large size of panel, thereby improving the outstanding quality of buildings.

With regard to the consumer electronic product development, the Company focuses on the non-conductive metal decorative coating technology development, it is mainly applied to 5G communication, and the metal shielding effect is obvious. The alternative solutions are ceramics, glass and plastics as the main application materials. Accordingly, the Company focuses on the non-conductive coating technology development, in order to provide products with metal shining appearance for decorative effect while satisfying the 5G product demands.

At present, computer, communications and consumer electronic products tend to be designed lighter, thinner, shorter, and more stylish and concise. Display screens are getting increasingly bigger, and full-plane and narrow bezel designs are becoming more popular. In terms of input interface, mechanical keyboards have gradually been replaced by touch panels. Due to the impact of COVID-19 pandemic, the significant increase in demands for online office work and education has driven the needs for medium-sized and big touch displays. Therefore, big size, ultra-high definition, narrow bezel, low cost and diverse applications have become the future development trend in the field of displays. With the application of full lamination and bonding technologies, touch control displays have been produced as integrated products. Future technology development of touch control screens will rely upon innovative techniques and material breakthroughs. Under this trend, the requirements for glass machining processes have become more diverse and customized. Production capacity and processes shall be determined according to customers' product designs.

(III) Technology and R&D overview:

1. Business technical level and R&D overview:

The Company is a professional provider of photoelectric glass processing services and key glass components, and its core technologies include glass cutting, polishing, coating, and strengthening. The Company is actively developing precision cutting, high-efficiency polishing, multi-functional coating, super-size substrate and reinforcement. In addition, G-TECH is also actively developing integrated applications that combine the Company's core technologies to satisfy the high-customization demands for terminal products. The development focus of the Company's R&D unit includes the continuous development of existing core technologies, and integration of existing technologies for customization and different application trends.

Among multi-functional coatings, curved surface coatings and multi-angle anti-reflective films with small color difference are especially focuses of

development. The Company performs big data analysis using precise simulation software, in order to optimize coating design and improve customer satisfaction. Particularly, low-reflectance AR films have to be used on operating interfaces inside vehicles to enhance LCD contrast and reduce discomfort of eyes. Furthermore, integrated anti-reflective AR films with high absorption are launched, in order that oil ink frames of display screens are identical to the black color of the visible zone, to present integrated black technology in vision as a whole. In addition to anti-reflective coatings, we have also developed stain repellent coatings, anti-glare coatings, and antibacterial coatings to meet the diverse needs of customers.

In terms of terminal applications, the Company uses glass as the base material for its products and offers various processing services for various displays and electronic devices. Small-size products include smartphones and multimedia players; medium-size products include tablets, game consoles, e-book readers, as well as satellite positioning and navigation systems; and large-size products include All-In-One PCs, notebook computers, LCD monitors, and LCD TVs. In addition to flat glass applications, the Company has also actively conducted technical R&D for special shaped glass products in order to meet the application needs of next generation cover glass demands for electronic devices. In terms of automotive industry applications, the Company has used its quality systems to achieve high-standard automotive certifications, and jointly developed non-planar glass interior integrated products with its customers. Such products include central control systems, display and touch applications, and curved or multi-curvature decorative panels. The objective is to provide durable cover glasses needed to satisfy human-machine touch-panel interface simplifications and lightweight designs in response to the electrification of vehicles, achieve product integration, and meet more innovative application requirements from the market.

The Company has established trial production lines and laboratories in the plants to research and develop new processes and technologies, and continued to invest R&D funding for the improvement and integrated development of the important core technologies mentioned above. As the market grows and consumer electronic products continue to evolve and change, 3D forming glass has considerable development potential based on the application demands for new functions, shapes, and materials.

2. R&D expenses incurred in the most recent years and as of 2024

Unit: NT\$ thousand

Item \ Year	2022 (consolidated)	2023 (consolidated)	2024 (consolidated)
R&D expenditure	62,314	97,581	118,777
Net operating income	2,430,202	1,859,040	2,163,181
Ratio of R&D expenses to net revenue	2.56%	5.25%	5.49%

3. Successfully developed technologies or products

Year	Contents of R&D achievements	Main benefits (feature description)
2019	1. Development of high-temperature resistant transparent conductive film TCO material	Second supplier; reduced costs.
	2. Development of multi-stage electrochromic process technology	Developed new products and applications
	3. 3D high penetration multilayer coating technology development	Increased product performance
	4. Vehicle display multi-curvature glass development	Developed new products and applications
2020	1. Building optoelectronic gluing technology	New technology development; improved yield.
	2. Development of automotive 3D anti-reflection film	Uniform film layer, ensuring no chromatic aberration AR for 3D curved surface
	3. Vehicle cover glass non-plating technology	Development of traceless coating technology
	4. Development of electrochromic layer materials	Use of Sputter technology to develop EC materials
2021	1. Multi-angle uniform color AR	Vehicle cover glass application
	2. Building photoelectric negative pressure gluing technology	Developed diversified product applications
	3. Development of electrochromic layer materials	Electrolyte glue development.
2022	1. New equipment and technologies for mass production of 3D vehicle-borne forming glass	New technology development; improved yield.
	2. Automotive 3D AR evaporation coating technology	Improve coating process for 3D curved surface.
	3. Ultra-low reflectivity coatings, R<0.2%	New products made with coating technologies.
	4. Development of PDLC bonding technologies	Apply bonding technologies in the vehicle-borne market.
2023	1. Development of HUD coating special optical film for vehicle-mounted front window HUD.	Use of the sputter AR technology for coating onto the automotive windshield glass. Applicable to the development of HUD or mixed reality.
	2. Development of electrochromic conductive coating for vehicle-mounted sunroof.	Sunroof 3D curved surface coated with transparent conductive film, and applicable to electrochromism field.
	3. Development of low-cost and high-efficiency thermoforming furnace for 3D curved glass.	Low energy-consumption insulation design is adopted, and the formation process is improved to enhance the performance, in order to develop the latest low-cost thermoforming furnace.
	4. Development of special-shaped CNC cutting and edging for automobile glass.	Machine design and process optimization, applicable to automotive glass field.
2024	1. Development of SMOKE OCA	New technology for integrated black panel

Year	Contents of R&D achievements	Main benefits (feature description)
	materials	appearance.
	2. IR-cut multi-layer light control coating development	New technologies and diverse new products of optical monitoring new technology.
	3. 3D surface ink printing.	Improvement of automotive product technology.
	4. Development of UV photosensitive low-temperature lamination technology.	Development of new technology for lamination.

4. Competitive strategy

The Company has over a decade of accumulated experience in display glass processing related technology R&D and production, and has the most comprehensive, largest scale, high-level process integration, and strongest capability to meet the industry trend demands among its peers in Taiwan. Compared to smaller-scale or newly-entered competitors, the Company has firmly maintained its leading position in technology and production capacity, and possesses strong competitive advantages. The Company also aims to be a world-class comprehensive optical glass processing service provider. In the future, the Company will continue to grasp market trends, invest R&D resources, and maintain capacity expansion speed and efficiency in order to create higher growth momentum and profitability.

(IV) Long- and short-term business development plans

1. The Company's short-term business development plan

- (1) Operating strategy: With the automotive product as the key direction for product development, the Company will continue to develop the products of smartphones and computers, etc. for the consumer product market. In addition, the Company will also actively develop non-consumer electronic markets such as industrial control and will accelerate the expansion of the architectural glass market.
- (2) Product strategy: Build a production line suitable for small-volume and high-diversification production according to the demands of customers in the market, quickly increase production capacity, and achieve mass production and production efficiency in the shortest time in order to achieve a win-win for Company profits and customer interests.
- (3) Marketing strategy: Expand the customer base and extend the core competence related product applications in order to achieve the objectives of high speed, service optimization, cost effectiveness and best quality.

2. The Company's mid- and long-term business development plan

- (1) Operational strategy: Improve technology and process capabilities, provide total solutions, widen the gap with competitors, and maintain industrial competitiveness and high profitability.

- (2) Strengthen the R&D of new products and materials with cost advantages in order to enhance the Company's long-term competitiveness.
- (3) Vertical supply chain integration: Obtain more electronic glass substrate procurement and processing technology advantages via in-depth cooperation with electronic mother glass manufacturers. Partner with Asahi Glass for architectural glass in order to create new demands in Taiwan's architectural glass market.
- (4) Marketing strategy: Pass the IATF16949 quality system certification, actively expand the automotive market, and develop new products and new customers based on customer needs. Expand the market for niche products such as electronic whiteboards and Mirror Glass, and extend the reach into this market.

II. Overview of market, production and sales

1. Market analysis

Sales areas for main products

Unit: NT\$ thousand

Sales regions \ Year	2023		2024	
	Sales amount	Ratio	Sales amount	Ratio
Mainland China	682,690	37.00%	383,559	18.00%
Taiwan	720,396	38.00%	704,020	33.00%
United States	368,902	20.00%	1,022,532	47.00%
Others	87,053	5.00%	53,070	2.00%
Total	1,859,041	100.00%	2,163,181	100.00%

Note: Must be based on the consolidated financial report.

Future supply and demand and growth status of the market

In recent years, the application of glass in electronic devices has become increasingly more widespread. Since 2007, the demand for touch-sensing and cover glasses has grown rapidly as mobile phones started to adopt full-screen touch control. Since 2010, tablet PCs started to offer 100% full-screen touch controls, and the screen sizes for smartphones have been enlarged from 3.5 inches to 10 inches to provide larger glass areas for use. For glass processing service manufacturers, the market size has grown exponentially each year.

Although the demand for smartphones and tablet computers has gradually entered a slow-growth period after years of increasing demand, the trend remains positive. The mainstream sizes of smartphones have grown from 3.5 inches to 5.5 inches, and 7- to 8-inch tablet PCs are also vying for market share. In terms of the 2D/2.5D mobile phone and tablet computer cover glasses, worries about oversupply gradually emerged in 2013 because numerous manufacturers have invested in production capacity deployment in the market since 2011.

G-TECH's processing services have changed from volume growth in the past to the pursuit of more differentiated and diversified designs. Diversified process services have enabled G-TECH to become the market leader in anti-reflective (AR) high-precision coating, 3D forming, and other high-variability and different-curvature processes, which has facilitated sustainable business development for the Company.

Since the market demand for touch panels is in an initial rising stage, the demands for strengthened cover glasses in electronic product terminal devices are expected to take off in the next few years due to the rapid expansion of touch control terminal applications, the rapid growth of medium and large-size applications such as tablet computers, and the introduction of cover glasses for NB and LCD TV exterior designs.

Competition niche

- A. Strong professional management team, excellent R&D capabilities.
- B. Direct cooperation with brand manufacturers for development, and a grasp of first-hand market information.
- C. High technical threshold, vertically integrated products, and lack of comprehensive competitors.
- D. Adoption of the latest automatic coating equipment and leading technology with high production efficiency.
- E. The leading exclusive 3D forming glass mass production manufacturer in the market.

Favorable and unfavorable factors for development prospects as well as countermeasures:

①. Favorable factors:

- a. Providing customers with highly integrated and customized product requirements.

Since G-TECH has a full production line service process capability for areas such as cutting, grinding, thinning, etching, polishing, strengthening, and coating, it can satisfy brand customers' high-customization demands for glass products and provide one-stop shopping services.

- b. Possession of the world's largest glass strengthening furnace and AR coating capacity.

In terms of the production capacity of strengthened glass for touch panels, G-TECH is currently the world's largest supplier for chemically strengthened glass due to its early deployment and active production capacity expansion in the past two years.

- c. Being part of the supply chain for first-line brand manufacturers helps consolidate the Company's position and expand the market. G-TECH's complete comprehensive glass processing service

production line can meet the needs of first-line brand customers. G-TECH has also passed major international plant certifications and established its leading position in the glass processing field.

- d. Leading technology with deployment of innovative optical coating, 3D forming glass, and other new technologies.

G-TECH has developed its glass technologies for many years, possesses high-end technology R&D capabilities, and has a keen sense of trends as well as market flexibility in this field. After entry into the touch-panel strengthened cover glass market, G-TECH has been actively developing next-generation products such as the strengthening of 6th-generation touch-sensing glass, innovative optical coating technologies, and 3D forming glass products, which have already reached the mass production phase.

②. Unfavorable factors and countermeasures:

- a. Upward integration of touch module and panel plants, increase of new competitors.

Due to the rapid growth of the cover glass market and the market's tight production capacity supply, panel and touch module plants have tended to integrate upwards and enter the cover glass field in order to control the supply source.

Countermeasures: Partner with upstream glass substrate plants to strengthen strategic alliances.

- b. The rise of low-cost touch panels in Mainland China

Mainland China's touch panel suppliers compete by cutting prices, which has given touch panel manufacturers greater bargaining margins in order to make their products more price-competitive.

Countermeasures: G-TECH will carefully evaluate customer quotations and seek more effective production methods to meet the customers' quality, materials, and manufacturing process demands.

- c. Mainstream touch technologies change rapidly, and alternative materials are emerging

WitsView predicted that the proportion of tablet PCs using G/G touch technology architecture would decrease from 46.3% in 2012 to 6.8% in 2014. The application of touch technology for small to medium sizes will focus on in/on cell, resulting in reduced use of strengthened glass for touch sensors.

Countermeasures: Use the capacity of the strengthening furnace for cover glass and 3D forming glass products.

2. Important uses and production processes for main products

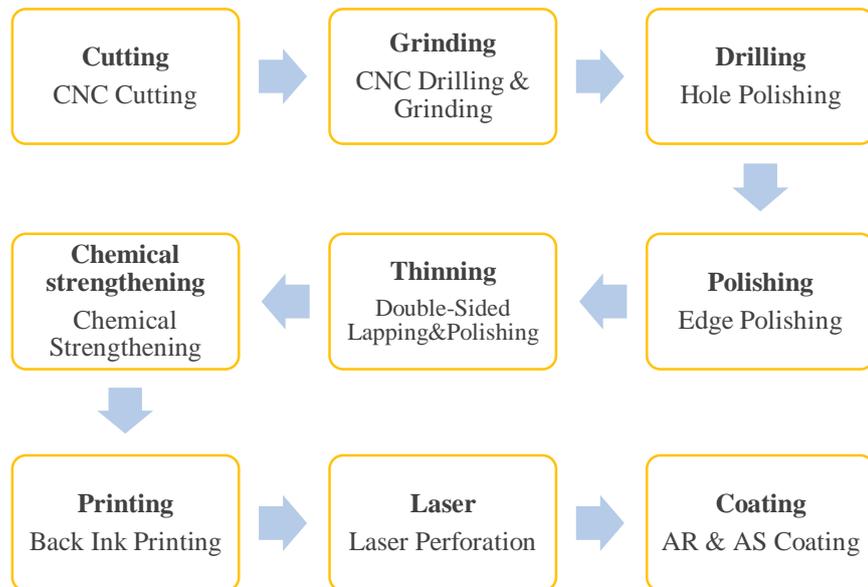
- (1) Important uses for main products

The Company's products are mainly used for flat-panel displays such as smartphones, tablets, notebook computers, portable navigation systems, game consoles, multimedia players, LCD monitors and TVs, and devices equipped with touch panels.

(2) Production processes for main products:

①. Strengthened, coated, and 2D cover glass

The basic glass processing process is as follows:



②. 3D forming glass

The 3D forming glass production process involves molding flat mother glass substrate into various required shapes first, and then proceed to the basic glass processing process shown in the figure above.

3. Main raw material supply status

Main raw material name	Main supplier	Supply situation
Glass substrate	AGC, Corning	Stable quality and supply, long-term cooperation, and good supply status

4. List of main purchase and sales customers

(1) The names of suppliers that have accounted for over 10% of the total purchases in any of the last two years as well as the purchase amount and ratio, and please describe the reasons for increases or decreases:

Unit: NT\$ thousand

Item	2023				2024			
	Name	Amount	Percentage to annual net purchases (%)	Relation with the issuer	Name	Amount	Percentage to annual net purchases (%)	Relation with the issuer
1	Supplier A	745,886	58.04	None	Supplier A	976,702	57.97	None
2	Others	539,134	41.96	—	Others	708,248	42.03	—

	Net purchase amount	1,285,020	100.00	—	Net purchase amount	1,684,950	100.00	—
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- Note: 1. The Company has signed the non-disclosure agreement with suppliers, such that the names of suppliers are presented in codes.
2. Explanation of increase or decrease change: In 2024, the supplier product purchase amount increased from 2023, and it was mainly due to the increase of order prototyping demand, and the revenue also increased in comparison to the same period of last year.

- (2) The names of customers that have accounted for over 10% of the total sales in any of the last two years as well as the sales amount and ratio, and please describe the reasons for increases or decreases:

Unit: NT\$ thousand

Item	2023				2024			
	Name	Amount	Percentage to annual net sales (%)	Relation with the issuer	Name	Amount	Percentage to annual net sales (%)	Relation with the issuer
1	Customer C	342,898	18.44%	None	Customer C	363,636	16.81%	None
2	Customer D	305,599	16.44%	None	Customer D	881,512	40.75%	None
	Others	1,210,544	65.12%	—	Others	918,033	42.44%	—
	Net sale	1,859,041	100%	—	Net sale	2,163,181	100%	—

- Note: 1. The Company has signed the non-disclosure agreement with customers, such that the names of customers are presented in codes.
2. Explanation of reason for increase and decrease: The operating revenues in 2024 increased by NT\$304 million compared with those in 2023, mainly due to the market order demand increase during the post-pandemic era.

III. Employee information for the most recent two years and as of the publication date of the annual report

Unit: No. of people; year

Item/Year		2023	2024	As of April 21
Number of employees	Indirect personnel	204	202	196
	Direct personnel	273	201	196
	Total	473	403	393
Average age		42.1	42.8	43.8
Average service tenure		9.58	11	11.36
Education distribution ratio (%)	Doctoral degree	0	0	0
	Master's degree	4.23%	5.96%	5.87%
	University (post-secondary)	61.95%	61.79%	61.22%
	Vocational high school (inclusive) or lower	33.82%	32.25%	32.91%

IV. Environmental protection expenditure information

In the most recent year and as of the publication date of annual report, the losses incurred due to environmental pollution (including compensation and environmental protection audit in violation of environmental protection laws and regulations, and the date of

disciplinary action, the case number, the laws and regulations violated, the content of violations, and the content of disciplinary action must be listed). Please also disclose the estimated amount that may be incurred at present and in the future, as well as the corresponding measures. If a reasonable estimate cannot be made, please state the fact why it cannot be reasonably estimated:

(1) Facts of violations:

Punishment date: August 15, 2024
Punishment No.: Fu Shou Huan Kong Zi No.1138655573
Violated clauses: Article 40-3 of the Air Pollution Control Act
Violations: On January 9, 2024, a car was inspected in the Hsinchu Science Park Air Quality Maintenance Zone, Hsinchu County, and it was found that the smoke test qualification record was missing for a period of one year.
Punishments: Penalty fine of NT\$500
Future responsive strategy: The car's inspection has been qualified on 2024.07.05, and periodic inspection will be implemented properly according to the regulations in the future.

V. Labor-capital relations

(I) The Company's various employee welfare measures, continuing education, training, retirement systems, and their implementation conditions; the labor and management agreement status; and status of various employee rights protection measures

1. Employee welfare measures (including pension system)

Company welfare	Insurance	<ul style="list-style-type: none"> Labor insurance, health insurance, group insurance
	Leave of absence	<ul style="list-style-type: none"> It is handled according to the "Labor Standards Act"
	Employee physical examination	<ul style="list-style-type: none"> Once annually, superior than regulatory requirements
	Birthday subsidy	<ul style="list-style-type: none"> Birthday gift money is provided to employees in the month of their birthday
	Emergency aid	<ul style="list-style-type: none"> Emergency aid is provided to employees and their relatives Type of aid: 1. Medical assistance 2. Living aid 3. Other situation requiring emergency aid determined Payment standard: Determined based on individual case review
	Competition rewards	<ul style="list-style-type: none"> Employees and their children participating in personal contests organized by the public department, and received the awards of top three prizes.
	Pension system	<p>G-TECH complies with relevant local retirement law in order to protect the retirement rights and interests of employees. Since all of the employees in Taiwan plant site qualify for the new labor retirement system, and the Company has established the employee retirement regulations according to the "Labor Pension Act".</p> <ul style="list-style-type: none"> According to the Labor Pension Act, the Company appropriates 6% of the monthly salary to personal pension account of employees, and employees may also choose to voluntarily contribute an amount within 6% of the monthly salary as the pension according to their own will, and such amount is to be withheld by the Company for depositing into the pension account under the new system. Retirement criteria: Employees reaching the age of 60 years old may apply for the collection of pension. For employees with the pension appropriation seniority reaching 15 years may choose to collect the pension on a monthly basis or at a lump sum. For employees with the pension appropriation seniority less than 15 years, they shall collect the pension at a lump sum.
Employee benefits	Welfare subsidies	<ul style="list-style-type: none"> Marriage subsidy: Marriage subsidy is provided to employees Maternity subsidy: Maternity subsidy is provided to employees and their spouses

(Welfare fund is deducted monthly for employees with the service period reaching six full months after reporting to work)		<ul style="list-style-type: none"> Funeral subsidy: Subsidy is provided for parents, spouse, children, grandparents, maternal grandparents, siblings, parents of spouse of employees
	Education scholarship	<ul style="list-style-type: none"> Scholarship is provided to employees and their children with academic semester score reaching the specified standard
	Festival gifts	<ul style="list-style-type: none"> Gift vouchers are provided during the Chinese New Year, Labor Day, Dragon Boat Festival, Mid-Autumn Festival
	Recreational activities	<ul style="list-style-type: none"> Activities are organized depending upon the budget of the current year
	Recreational tourism	<ul style="list-style-type: none"> Activities are organized depending upon the budget of the current year
Other benefits	Hardware equipment	<ul style="list-style-type: none"> Fitness center, breastfeeding room, employee cafeteria, employee recreation room, employee parking lot
	Friendly parenting	<ul style="list-style-type: none"> According to the provisions of the “Regulations for Implementation of Maternal Health for Female Workers”, the Company provides maternal health evaluation and work adjustment for pregnant women and women giving birth, in order to ensure the physical and mental health of female employees for their pregnancy, after giving birth and breastfeeding periods. In addition, the Company also plans the exclusive parking spaces, breastfeeding room and contracted kindergartens for pregnant women. “Gender Equality in Employment Act” is implemented and the gender equality of the SDGs goal is promoted. In addition, the Company supports and protects employees’ right to apply for parental leave with pay for their needs to raise the next generation. For all employees of the Company, before each child reaches the age of 3 years old, they may apply for parental leave without pay until the child reaches the age of 3 years old; provided that the leave period shall not exceed 2 years. During the parental leave without pay period, employees may continue to enroll in the original social insurance.

2. Continuing education and training:

The Company values talent training, and also plans comprehensive education and training system according to the TTQS structure. The courses include five main categories: basics, occupational safety, professional skills, general knowledge, and hierarchy. In addition, through internal/external course resource and teaching satisfaction feedback mechanism, the Company's training plan is improved continuously, in order to ensure that employees are able to grow and improve their abilities continuously.

Organizational level	Hierarchy courses	General knowledge courses		Professional courses				Occupational safety courses	Basic courses
Business management level (ex: Vice President, Special Assistant, Associate Manager level)	Medium and senior supervisor training							New employee orientation	
Planning management level (ex: Section level, manager level)		Internal instructor training	Communication and language courses	Job rotation, workstation training	Management system courses	Professional competency training	Key talent training		Occupational safety related operator training
Control execution level (ex: Engineer, Specialist)	Entry-level supervisor training								
Execution level (ex: Leader, Team Lead)									
General (ex: Operator)									

2024 education and training implementation overview is shown in the table below:

2024 education and training total number of employees trained

Plants	Basic training	Profession type	General education type	Rank type	Occupational Safety and Health Act	Total
Miaoli	3	941	45	20	28	1,037
Southern Taiwan Science Park	3	49	1	0	11	64
Total	6	990	46	20	39	1,101

3. Labor-capital agreement status and various employee rights protection measures:

The Company has established numerous employee management regulations in accordance with the "Labor Standards Act" and relevant laws and regulations, and is committed to protecting the basic rights and interests of employees. In addition, to ensure that employees' opinions are fully reflected, we have established diverse communication channels to maintain a positive and bilateral interaction between labor and management. The Company convenes labor-management meetings and employee welfare committee meetings on a quarterly basis, in order to listen to employees' needs and suggestions, and to establish harmonious labor-management relations and a friendly workplace.

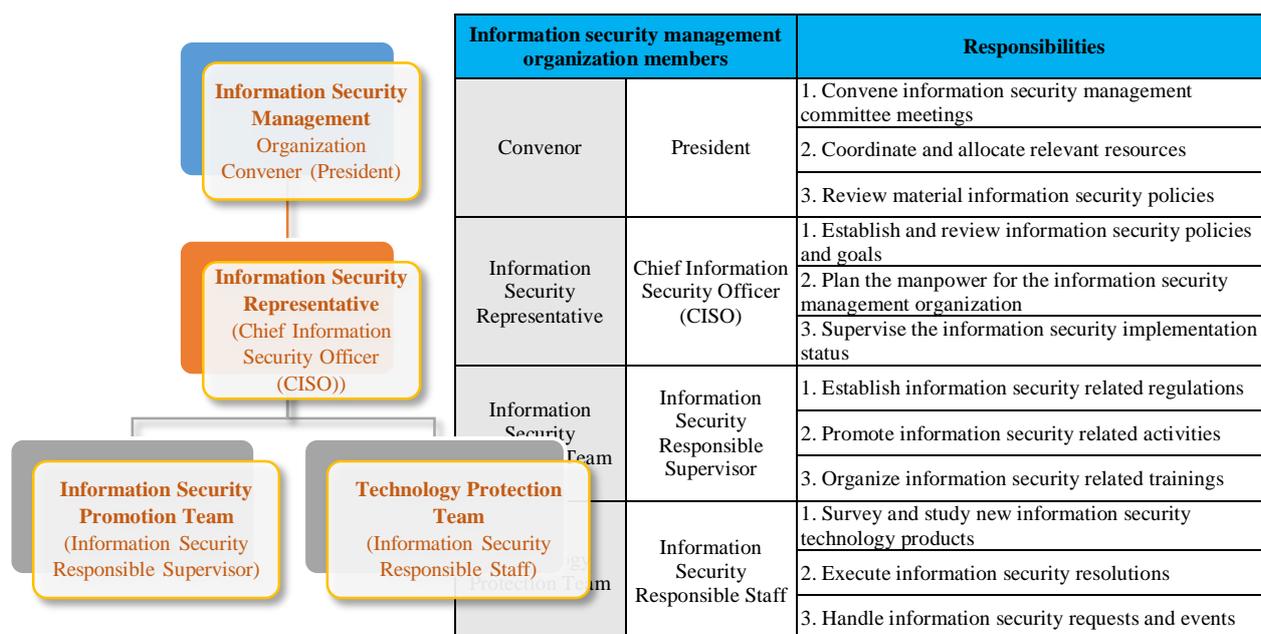
(II) Losses suffered due to labor disputes in the most recent year and up to the publication date of the annual report, as well as the estimated amounts and corresponding measures that may occur at present and in the future:

The Company complies with laws, regulations and relevant management rules, and there are no labor disputes or violations in the 2024 year.

VI. Information Disclosure of Cyber Security Management.

(I) Cyber security management

1. Cyber security risk management structure: The Company has established the information security management organization in charge of the promotion and management of all matters related to the information security of the Company.



2. Cyber security policies: Ensure normal operation of cyber security services, confidentiality, integrity, availability and legitimacy of information assets, to avoid internal and external deliberate or accidental threats.
3. Specific measures for implementing information security policies: Carry out internal resource management, protect external accesses, management virus protection, establish a backup mechanism and join in the TWCERT Information Security Alliance.
4. Specific countermeasures and preventive actions for emergency response to information security incidents:

Emergency response measures		Preventive actions for emergency response
Internal safety threatening incidents	When malicious damages, careless operations and other information security incidents are found (or suspected), rapidly investigate impacts and damages of the incidents. Enable advance backups or programs or initiate related measures for backup plans and rapidly resume normal operations.	<ol style="list-style-type: none"> 1. The information organization shall regularly test cyber security and scan vulnerabilities. Track and improve vulnerabilities. 2. The information organization shall regularly create backups for important materials, systems and application programs.
Virus infection	In case of virus intrusion, immediately interrupt the infected equipment and violate the virus to avoid spread of the epidemic. Besides, obtain requisite virus removal programs as soon as possible. Remove viruses, repair and restore according to corresponding repair procedures.	<ol style="list-style-type: none"> 1. The information organization shall install anti-virus software before all internal computers of the Company is started for initial use. 2. The information organization shall promptly distribute updated virus codes to all computers. 3. The information organization shall irregularly promote cases on virus intrusion, including website browsing and email attachment.
Hacker attack (or illegal intrusion)	In the event of intrusion, immediately disconnect physical lines of the Company's network, reject intruders' access, mend security breach and implement specific remedial actions for improvement.	<ol style="list-style-type: none"> 1. The information organization shall install firewalls for Internet; guard against hacker attacks and malicious attacks. 2. Perform authentication above two levels, including interactive authentication, for internal network.
Natural disasters or major emergencies	If the information system is damaged because of natural disasters (typhoon, flood, earthquake) or major accidents (fire, explosion, major building disaster), the system shall be reconstructed and restored with remote backup after elimination of the disaster or the major event.	<ol style="list-style-type: none"> 1. The information organization shall regularly create backups for important materials, systems and application programs. 2. The information organization shall organize regular drills for disaster recovery, ensuring that restoration programs and drill results are correct and effective.
Middle disruption events of cyber security network systems	Immediately find out barriers, impact interval and scope; exercise traffic control and perform rush repair.	The information organization shall create backup lines for all important internal and external network backbones.

5. Resources invested in information security management and operation status:

- (1) Computer anti-virus system is established, maintenance contract is signed annually, automatic installation and deployment are implemented on personal computers during connection to the Company's domain, and latest virus code update function is activated for the server end and user end on a daily basis, in order to find potential risks.
- (2) Resources have been invested in the establishment of access control, temperature/humidity monitoring mechanism, fire equipment and UPS system for the information server room and network communication room, in order to ensure the stability of continuous operation of the infrastructure.
- (3) In terms of external network and cross-plant intranet, the main backbone

and the backup circuit of different fixed network providers have been set up, such that in case of an accident, the backup circuit can be switched quickly to ensure that the internal and external network are not interrupted.

- (4) In terms of core business, the Company has also planned to change the physical server to virtual platform, such that the security, reliability and flexibility of the system transfer, remote restoration and data recovery can be enhanced.
 - (5) With regard to the legal authorization of computer software, in addition to the restriction on self-installation implemented on computers, the Company also promotes the importance and compliance of legal authorization of computer software. Furthermore, internal computers of the Company are also inspected periodically.
 - (6) In terms of information security professional training, information security personnel receive information security professional education and training annually. In 2024, they participated in information security professional education and training for a total of 33 hours. In addition, they also participated in various information security seminars and obtained the PAS entry-level and medium-level information security engineer certificates from the Ministry of Economic Affairs.
 - (7) With regard to the enhancement of employees' information security awareness, in addition to the educational information sent via emails irregularly, information security seminars on specific information security topics are also organized for all employees annually. In 2024, the information security general knowledge education and training of "Social Engineering Attack and Protection Education" was organized for all employees, and the execution rate was 99.72%.
6. Personal data and customer privacy management policy: To ensure that the employee personal data and customer data accessed due to business operation can be properly protected and improper disclosure can be prevented, in order to establish employee and customer trust and to protect relevant rights and interests, the Company has established specific management and preventive measures as follows
- (1) Company's personal data and customer privacy policies established and declared are as follows:
 - ① Within the legitimate specific purposes, the Company shall process personal data within the necessary scope only.
 - ② The least and necessary personal data complying with the legitimate purposes shall be collected only.
 - ③ Personal data owner shall be clearly informed about how his/her personal data will be used and used by whom.

- ④ Based on the principle of fairness and reasonableness, relevant and appropriate personal data shall be processed only.
 - ⑤ To ensure the accuracy of personal data, update shall be performed whenever necessary.
 - ⑥ Personal data shall be preserved according to the laws or legitimate specific purposes only.
 - ⑦ The personal data owner's exercisable right on his/her personal data shall be respected, including the right to inquire or request for reading, request for duplicate copy, request for supplementing or updating, request for cease of collection, processing or use, and request for deletion of his/her personal data.
 - ⑧ When personal data is applied to exceptions acceptable under the "Personal Data Protection Act", it is necessary to ensure its applicability and legality.
- (2) The Company has established the "Personal Data Protection Management Regulations" and "Personal Data Collection Agreement". Relevant operations shall comply with the international information security standards, and shall also comply with relevant domestic and international laws and regulations, and relevant confidential information protection operations shall be promoted, including:
- ① Personal data scope and processing method shall be defined clearly.
 - ② Personal data of personal data owner may be processed based on the consent of the personal data owner.
 - ③ Personal data processing shall comply with specific purposes, and the accuracy, integrity and timeliness of the data shall be ensured.
 - ④ Collection of personal data shall comply with the Personal Data Protection Act, and appropriate authorization and supervision shall be made, and collection shall only be performed for necessary fields only.
 - ⑤ When any unit has the need to access personal data due to job duties, it is necessary to submit application to the Human Resource Department. Once the authorization and consent are obtained, it may then be handled according to the regulations.
 - ⑥ Unless the written consent of the personal data owner is obtained or unless it is permitted under the law, it is prohibited to arbitrarily disclose, sell or use the data collected for purposes other than the specific purpose.
 - ⑦ The unit responsible for managing personal data shall prevent the personal data from stolen, modification, damage, diminishing or disclosure.

(3) Through the establishment of the information security organization, the Company promotes and stipulates information security management rules and protective measures, including:

- ① Personal data file information system access security is enhanced to prevent unauthorized access and to protect the privacy of personal data. In addition, when each user is officially authorized to access the personal data file, the account is unique.
- ② The personal data read and write related requirements are specified according to relevant provisions of the information management regulations.
- ③ Personnel accessing confidential information have been requested to sign relevant non-disclosure agreements and to fulfill the non-disclosure obligation properly. In addition, during the resignation or contract termination, their user identification accounts are verified to be canceled or suspended.
- ④ Information security education and training for employees are implemented properly, and data protection related contents are also included as required training courses for all employees, in order to continuously enhance and improve the information security awareness of employees.

(II) The Company has complied with the specific management and prevention measures established. In 2024, there were no violations of information security-related laws and regulations, nor were there any complaints about customer and personal privacy violations or lost customer and personal data.

VII. Important contracts

Nature of contract	Contract party	Contract starting date	Main content	Restriction clause
Long-term loan	Taiwan Cooperative Bank	2023.12.26~2028.12.26	Land and plant guarantee loans	None
Long-term loan	Shanghai Commercial and Savings Bank	2021-10-08~2026-10-08	Medium term revolving fund loan	None
Long-term loan	Shanghai Commercial and Savings Bank	2022.06.06~2026.10.08	Medium term revolving fund loan	None
Long-term loan	Shanghai Commercial and Savings Bank	2022.10.12~2027.10.12	Mechanical equipment guarantee loan	None
Long-term loan	Hua Nan Commercial Bank	2022-01-17~2027-01-17	Taiwan businessman's loans for investments upon return to Taiwan	None
Long-term loan	Bank of Panhsin	2022.09.02~2025.09.02	Medium term revolving fund loan	None
Long-term loan	Sunny Bank	2020-07-14~2027-07-14	Land and plant guarantee loans	None
Long-term loan	Sunny Bank	2020-07-14~2027-07-14	Land and plant guarantee loans	None

Nature of contract	Contract party	Contract starting date	Main content	Restriction clause
Long-term loan	Sunny Bank	2021-09-29~2028-09-29	Land and plant guarantee loans	None
Lease contract	Kinestral Technologies Inc.	2017.05.01~2024.09.26	Factory lease	The leased subject matter is for use by Party B's production lines. Without Party A's consent, Party B shall not lend, transfer or have the leased subject matter used by others in whole or in part by other equivalent methods, but Party B's affiliates are not taken into account.
Lease contract	Innolux Corporation	2024.01.01~2024.03.31	Factory lease	The leased subject matter must not be lent, transferred or used by others in other ways in whole or in part.
Lease contract	Innolux Corporation	2024.04.01~2025.12.31	Factory lease	The leased subject matter must not be lent, transferred or used by others in other ways in whole or in part.
Lease contract	Young Fast Optical (Vietnam) Inc.	2024.04.08~2029.04.07	Factory lease	The leased subject matter must not be lent, transferred or used by others in other ways in whole or in part.

Five. Financial Status and Operation Results Review Analysis & Risk Matters

I. Financial position

(I) Consolidated financial statements

Unit: NT\$
thousand

Item	Year	2024	2023	Difference	
		Amount	Amount	Amount	%
Current assets		1,967,663	1,549,427	418,236	26.99%
Property, plant and equipment		1,276,742	1,282,131	-5,389	-0.42%
Intangible assets		2,723	2,122	601	28.32%
Other assets		1,429,206	1,267,649	161,557	12.74%
Total assets		4,676,334	4,101,329	575,005	14.02%
Current liabilities		1,428,011	1,491,887	-63,876	-4.28%
Long-term liabilities		1,286,473	1,243,249	43,224	3.48%
Total liabilities		2,714,484	2,735,136	-20,652	-0.76%
Share capital		1,862,336	1,443,296	419,040	29.03%
Capital surplus		436,690	22,614	414,076	1831.06%
Retained earnings		-821,325	-581,144	-240,181	41.33%
Other equities		484,149	481,427	2,722	0.57%
Total shareholders' equity		1,961,850	1,366,193	595,657	43.60%

1. Description of significant changes: (For those with a change of over 20% before and after, and the amount of change reached NT\$10 million)
 - (1) Increase in current assets: The cash capital increase resulted in the increase in deposits in banks by NT\$780 million.
 - (2) Common share capital: mainly due to the cash capital increase of NT\$400 million in 2024.
 - (3) Increase in capital surplus: mainly due to the share premium by NT\$384 million for cash capital increase in 2024.
 - (4) Decrease in retained earnings (accumulated losses): mainly due to the cash capital increase in 2022 for the premium to offset the losses of NT\$176 million, and the operating losses of NT\$240 million in 2024.
2. The impact of significant changes: None.

(II) Parent Company Only Financial Statements

Unit: NT\$ thousand

Item	Year	2024	2023	Difference	
		Amount	Amount	Amount	%
Current assets		1,755,116	1,462,647	292,469	20.00%
Property, plant and equipment		1,261,283	1,267,675	-6,392	-0.50%
Intangible assets		2,273	2,122	151	7.12%
Other assets		1,492,187	1,328,793	163,394	12.30%
Total assets		4,510,859	4,061,237	449,622	11.07%
Current liabilities		1,312,876	1,451,795	-138,919	-9.57%
Long-term liabilities		1,236,133	1,243,249	-7,116	-0.57%
Total liabilities		2,549,009	2,695,044	-146,035	-5.42%
Share capital		1,862,336	1,443,296	419,040	29.03%
Capital surplus		436,690	22,614	414,076	1831.06%
Retained earnings		-821,325	-581,144	-240,181	41.33%

Other equities	484,149	481,427	2,722	0.57%
Total shareholders' equity	1,961,850	1,366,193	595,657	43.60%
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(1) Increase in current assets: The cash capital increase resulted in the increase in deposits in banks by NT\$780 million.				
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(3) Increase in capital surplus: mainly due to the share premium by NT\$384 million for cash capital increase in 2024.				
(4) Decrease in retained earnings (accumulated losses): mainly due to the cash capital increase in 2022 for the premium to offset the losses of NT\$176 million, and the operating losses of NT\$240 million in 2024.				
2. The impact of significant changes: None.				

II. financial performance

(I) Consolidated financial statements

Unit: NT\$ thousand

Item	Year	2024		2023		Increase (decrease)	
		Amount	Amount	Amount	Amount	Amount	%
Total operating income		2,168,543	1,866,692	301,851		16.17%	
Minus: Sales returns and discounts		5,362	7,651	-2,289		-29.92%	
Net operating income		2,163,181	1,859,041	304,140		16.36%	
Operating costs		2,138,719	1,796,468	342,251		19.05%	
Gross profit		24,462	62,573	-38,111		60.91%	
Operating expenses		313,575	261,812	51,763		19.77%	
Operating profit		-289,113	-199,239	-89,874		45.11%	
Non-operating income and benefits		140,887	193,191	-52,304		-27.07%	
Non-operating expenses and losses		-90,479	-111,788	21,309		-19.06%	
Net profit before tax for continuing business departments		-238,705	-117,836	-120,869		102.57%	
Minus: Income tax expense		2,054	0	2,054		0.00%	
Net profit after tax for continuing business departments		-240,759	-117,836	-122,923		104.32%	
1. Description of significant changes: (For those with a change of over 20% before and after, and the amount of change reached NT\$10 million)							
(1) Decrease in gross profit and profit: The decrease in demand for high value-added products and the increase in the cost of samples for customers in 2024 has led to a decrease in the utilization of the plant and an increase in costs.							
(2) Decrease in non-operating income: mainly due to the decrease in plant rental from September to December.							
(3) Decrease in non-operating expenses: mainly due to the increase in the exchange rate of the USD to NTD, resulting in a decrease in foreign currency exchange losses.							
2. The impact of significant changes: None.							

(II) Parent Company Only Financial Statements

Unit: NT\$ thousand

Item	Year	2024		2023		Increase (decrease)	
		Amount	Amount	Amount	Amount	Amount	Amount
Total operating income		1,989,637	1,685,690	303,947		18.03%	
Minus: Sales returns and discounts		5,352	7,064	-1,712		-24.24%	

Net operating income	1,984,285	1,678,626	305,659	18.21%
Operating costs	1,962,422	1,618,690	343,732	21.24%
Gross profit	21,863	59,936	-38,073	63.52%
Operating expenses	298,078	245,200	52,878	21.57%
Operating profit	-276,215	-185,264	-90,951	49.09%
Non-operating income and benefits	134,890	190,189	-55,299	-29.08%
Non-operating expenses and losses	-97,380	-122,761	25,381	-20.68%
Net profit before tax for continuing business departments	-238,705	-117,836	-120,869	102.57%
Minus: Income tax expense	2,54	0	2,054	0.00%
Net profit after tax for continuing business departments	240,759	-117,836	358,595	-304.32%
1. Description of significant changes: (For those with a change of over 20% before and after, and the amount of change reached NT\$10 million)				
(1) Decrease in operating revenue: The decrease in demand for high value-added products in 2024 has led to a decrease in the utilization rate of the plant and an increase in costs.				
(2) Increase in operating expenses: mainly due to the increase in the cost of sample development projects and related travel expenses.				
(3) Decrease in non-operating income: mainly due to the decrease in plant rental from September to December.				
(4) Decrease in non-operating expenses: mainly due to the increase in the exchange rate of the USD to NTD, resulting in a decrease in foreign currency exchange losses.				
2. The impact of significant changes: None				

(III) Expected sales volume and supporting basis, possible impact on the Company's future financial businesses, and response plans

The Company's products have continued to expand into the automotive and smart building markets according to expected sales plans in order to significantly reduce dependence on the consumer electronics industry and gradually detach from the plight of the mature development of the electronics industry. Since 2024, the revenue has not met the expectation. In addition to impact of the trade war between the US and China, the global inflation has further caused significant increase of cost. Consequently, mass production and delivery plans of automotive glass have been delayed. In addition, costs of building raw materials have soared. The Company further suffered pressure from rivals' pricing strategies. Furthermore, due to the government's real estate suppression policy, projects were delayed with labor shortage. As a result, the business performance was less than expected.

It is expected smart vehicle product sales will indicate significant growth according to the customer orders, and the revenue is also expected to grow after the increase of the production capacity in 2025. Smart photoelectric products will be continuously and stably supplied in 2025. Owing to low-price horizontal competitions in smart buildings, it is forecast that the operating income would increase for relatively large-scale construction plans in the second quarter.

Other products are mainly for trading. It is expected that the orders of consumer electronics will become stable in the coming year. The Company has actively

responded to market changes and strengthened cost/expense control, to present net cash inflow in its operating activities.

III. Cash flows

(I) Analysis and explanation of cash flow changes in the most recent years

Unit: NT\$ thousand

Cash balance at beginning of period	Expected net cash flow from operating activities for the whole year	Annual cash inflow (outflow) from investment and financing activities	Cash surplus (deficit) amount	Remediation measures against expected cash flow deficit	
				Investment plans	Financial management plans
558,226	14,580	426,817	999,623	-	-

Analysis of cash flow change for the year:

- Operating activities: The cash inflow from operating activities in 2024 was NT\$14,580 thousand due to the product structure adjustment and rigorous control of costs and inventories.
- Investing activities: Due to the acquisition of fixed assets in 2024 and the return of pledged collateral amount, the investing activities cash outflow was NT\$151,250 thousand.
- Financing activities: In 2024, the Company adjusted the financing structure, repaid corporate bonds payable, and executed cash capital increase with issuance of new shares; the cash inflow from financing activities was NT\$578,067 thousand.

(II) Improvement plan for insufficient liquidity: Strengthening inventory control in response to market demands.

(III) Cash liquidity analysis for the coming year

Unit: NT\$ thousand

Cash balance at beginning of period	Expected net cash flow from operating activities for the whole year	Annual cash inflow (outflow) from investment and financing activities	Cash surplus (deficit) amount	Remediation measures against expected cash flow deficit	
				Investment plans	Financial management plans
999,623	(441,202)	34,341	592,762	-	-

Analysis of cash flow change for the year:

- Operating activities: Due to the cash collection of accounts receivable and the cash payment of accounts payable and salary, etc. in 2025, the whole-year net cash inflow from operating activities is NT\$441,202 thousand.
- Investing activities: Due to the increase of capital expenditure and return of pledged collateral amount in 2025, the whole-year net cash outflow from investing activities was NT\$433,835 thousand.
- Financing activities: Due to the repayment of bank loans and execution of cash capital increase with issuance of new shares in 2025, the whole-year net cash inflow from financing activities was NT\$468,176 thousand.

IV. Impact of major capital expenditures on financial operations in the most recent year

In response to the new smart car product development and the Vietnam production capacity establishment projects, additional purchases of related machinery and equipment and factory maintenance and operation were made. The capital expenditures for 2024 and 2025 were NT\$64 million and NT\$476 million, respectively, and such expenditures were covered by own funds and the execution of cash capital increase plan. Therefore, the significant capital expenditures in the most recent year had no impact on the Company's financial operations.

V. Investee policies for the most recent years, main reasons for profits or losses, improvement plan and investment plan for the next year

(I) Investee policies for the most recent years, main reasons for profits or losses and improvement plan

The Company established a subsidiary, Fast Achievement Global Ltd., in Cayman Islands and is 100% owned by the Company in 2007. Its investee, Brave Advance International Corp., did not participate in the cash capital increase in January 2019 such that the shareholding decreased from 100% to 25%, and its profit and loss were no longer included in the consolidated financial statements since 2019.

In addition, the Company established its subsidiary Golden Start Global Corp (where it held all shares) in Samoa in 2010. The subsidiary was wholly reinvested by Charmtex Global Corp., which reinvested in Ruizhida Optoelectronics (Chengdu) Co., Ltd.

The Company established a 100% owned subsidiary, G-TECH OPTOELECTRONICS (VIETNAM) CO., LTD, in Vietnam in 2024.

Unit: NT\$ thousand

Reinvestment companies	Shareholding ratio	Investment gains or losses recognized in 2024	Main cause of profit or loss	Improvement plan
Fast Achievement Global Ltd.	100%	2,303	As a holding company, gain profit as return on investments recognized for Brave	Continuously supervise management to increase returns on investments
Brave Advance International Corp.	25%	10,106	As a holding company, gain profit as return on investments recognized for Hongda	Continuously supervise management to increase returns on investments
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	25%	5,865	Profit mainly comes from the rental income for leasing out idle facilities	Continuously supervise management to increase returns on investments
Golden Start Global Corp.	100%	6,020	As a holding company, gain profit as return on investments recognized for Charmtex	Continuously supervise management to increase returns on investments
Charmtex Global Corp.	100%	6,020	As a holding company, gain profit as return on investments recognized for Ruizhida Optoelectronics (Chengdu)	Continuously supervise management to increase returns on investments
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	100%	5,785	The reason for the profit was mainly due to the 38.41% growth in operating revenue and the recovery of the accounts that have appropriated for credit impairment.	Continuously supervise management to increase returns on investments
G-TECH OPTOELECTRONICS (VIETNAM) CO., LTD	100%	-6,303	The loss was mainly due to the initial expenditure in the establishment of the company	Continuously supervise management to increase returns on investments

(II) Investment plan for the next year:

In 2024, the Company established a 100% owned subsidiary, G-TECH OPTOELECTRONICS (VIETNAM) CO., LTD, in Vietnam, mainly for the production of smart automotive products. The factory construction is expected to complete in 2025, and the Company invests approximately NT\$150 million capital expenditures in the equipment.

VI. Analysis and evaluation of risks in the most recent years and as of the publication date of the annual report

(I) The effects that recent annual interest, exchange, fluctuation, and inflation rates have had on the profit and loss of the Company, as well as the future response measures:

1. Interest rate changes:

The Company's interest expenses for the first three quarters of 2023 and 2024 were NT\$50,465 thousand and NT\$35,028 thousand, respectively, accounting for (42.83)% and (34.44)% of the annual profit (loss) before tax, respectively. The Company has established a sound financial system and excellent credit rating. In order to meet the needs of business expansion, the Company has applied for bank loans to support its operations. The Company's financial units regularly evaluate the borrowing interest rates and maintain good relationships with banks to strive for preferable loan interest rates, in order to reduce interest expenses.

2. Exchange rate fluctuation:

The Company is export-oriented, so exchange rate fluctuation has significant impacts upon the Company's profits and losses. In response to risks of exchange rate fluctuation, the Company will adopt the following countermeasures:

A. Forward forex hedging trade

Maintain close contact with major correspondent banks and monitor changes in the foreign exchange market at any time in order to fully grasp exchange rate trends, and appropriately adjust foreign currency positions based on the capital revenue and expenditure status. The relevant risk managers will pay close attention to the exchange rate market dynamics and implement forward forex hedging based on foreign currency exposure changes to reduce the exchange rate risks. Forward forex hedging shall be conducted according to the "Assets Acquisition or Disposal Handling Procedures".

B. Natural hedging methods

Use the same currency type for supplier purchase payments and customer

sales receipts as much as possible to achieve natural hedging and avoid the impact of exchange rate fluctuations.

C. Provision of business (procurement) as basis for sales price quotes (procurement prices)

Comprehensively consider and evaluate future exchange rate trends and factors that may affect the exchange rates before a business or procurement unit makes external quotes, and provide appropriate and reasonable external quotes to prevent adverse effects on the Company's revenue and profit due to exchange rate fluctuations.

3. Inflation:

The Company is part of the manufacturing industry. In response to the production cost increase caused by raw material inflation, energy, and other production factors, the Company is also committed to energy conservation, consumption reduction, yield improvement, and other cost-reducing measures. In addition, the Company has established long-term strategic partnerships with raw material suppliers to reduce the impact that inflation has on the Company's profit and loss. In the future, the Company will continue to work on various cost reduction measures, pay attention to raw material price changes, and take corresponding measures at the appropriate time.

(II) Policies for high-risk investments, highly leveraged investments, fund lending, endorsement, guarantee and derivative transactions, main reasons for profits or losses and future countermeasures:

The financial operations of the Company are conducted in a conservative and steady manner. The Company doesn't make high-risk or highly leveraged investments. So far, it only lends funds, offers endorsements or guarantees to or conducts financial derivative transactions with its subsidiaries. The Company has formulated the Operating Procedure for Fund Lending to Others, Operating Procedure for Endorsement and Guarantee, and Operating Procedure for Acquisition or Disposal of Assets. Upon prudent evaluation, it takes actions in accordance with the internal control procedures and pertinent rules of the competent authorities.

(III) Future R&D plans and anticipated investments in R&D expenses:

1. Future R&D plans

- (1) Development of ultra-large-size 3D molding equipment.
- (2) Development of ultra-large-size 3D film coating equipment.
- (3) Development of 3D five-bending curved surface lamination equipment.
- (4) Development of film coating technology for 3D five-bending curved surface.

2. Expected expenses of R&D investments

To satisfy the demand for highly customized glass processing and to cope with

the rapid change of the application market, the Company will focus on the research and innovation in the next year. For 2025, the expected investment in the R&D expenses is approximately NT\$14.2 million.

(IV) Changes in domestic and foreign important policies and laws upon financial businesses of the Company in the most recent years and countermeasures:

All routine operations of the Company are conducted in compliance with domestic and foreign important policies and laws, without material impacts on the Company. The Company will pay close attention to possible changes in important domestic and foreign policies and laws at all times, evaluate the possible impact on the Company's financial business, and take appropriate measures in advance.

(V) Impacts of technology (including cyber security risks) and industry changes upon financial businesses of the Company and countermeasures:

The Company's information system architecture is established with the data backup mechanism according to its risk level, and the media backup files are transmitted to remote location for preservation and storage. Various simulation tests and emergency response drills for the server room are also implemented. In addition, to allow the information system to be recovered swiftly and successfully in case of occurrence of system damage, and to reduce possible loss and risk, irregular drills are performed to test the system restoration plan, and backup network direct line is also established along with information security protective measures of proper anti-virus software, security firewall setting and server room access control, in order to ensure normal operation and data security of the information system. Up to the printing date of the annual report, there was no technology change (including cyber security risk) or industry change that could cause impact on the finance and business of the Company. The Company will continuously pay close attention to observing and understanding market information. It will inject resources in advance to enhance its research and development. In addition, intensive cooperation will be conducted with upstream and downstream customers, to adjust production lines, product development and corporate resource injection from time to time according to market dynamics. Besides, the Company will properly implement related countermeasures, understand market demand and seize opportunities for making profits.

The Company has formulated complete network and computer-related information security protection measures, but with constant changes in technologies and growing demands for cloud network services, the Company is more likely to face malicious network attacks from any external third-party collapsed systems. Apart from formulating specific measures for cyber security, it cooperates with manufacturers to perform irregular drills on vulnerability scanning, information security assessment and email social engineering, to prevent and reduce harms of similar attacks.

(VI) Impacts of corporate image change upon corporate crisis management and countermeasures:

The Company consistently adheres to the principle of ethical and professional management, performs social responsibilities, and improves quality and performance. It is committed to maintaining corporate image and complies with related laws and regulations. Up to the printing date of the annual report, no incident has ever negatively impacted the Company's image. In the future, the Company will continue to fulfill its corporate social responsibilities while maximizing the shareholders' rights and interests.

(VII) Expected benefits and possible risks of mergers and acquisitions and countermeasures:

At present, the Company has no plans for mergers and acquisitions.

(VIII) Expected benefits and possible risks of factory expansion and countermeasures:

- (1) The Company plans to establish a new factory and to purchase machines and equipment in Vietnam based on the consideration of the cluster development of automotive industry supply chain and the relatively lower local production cost. Accordingly, the overall competitiveness of the Group can be increased and the necessary foundation for the planning of global market expansion in the U.S. and Europe can be established, in order to improve the overall business performance of the Group.
- (2) Possible risks and response measures: The new factory of the Vietnam subsidiary is a production site established to satisfy customer demands, and the main objective is to provide services timely and locally, in order to reduce the orders affected by the impact of the U.S.-China trade war. The greatest operating risk for the new Vietnam factory is expected to be the production capacity. Under the condition where the local infrastructure is not yet complete and mature, and in view of the government's promotion of the southward policy and the increase of investment transferred from the supply chain in China, cost may be increased due to shortage of power and labor. However, the Company has avoided the popular Southern Vietnam area for the investment, such that appropriate adjustment has been made to maintain the labor advantage. Accordingly, the impact of risks on the business operation is minimized.

(IX) Centralized risks of procurement or sales and countermeasures:

- (1) Purchase

The Company is a manufacturer specializing in the R&D, production, and sales of optical glass. Its main products are touch sensing glass, optical coating glass, thinned glass, cover glass, as well as glass trading. Glass substrate is the

Company's main raw material. As the Company has adjusted its development strategy in recent years and gradually entered into new fields such as automotive, industrial control, and green building, the Company has also actively sought and established a second supplier mechanism in order to prevent excessive procurement concentration.

(2) Sales

In recent years, the Company has implemented product and customer diversification by developing high-quality AR-coated products for medical displays, strategic alliances in the smart building market, and LED coated curtain glass in order to avoid sales concentration risks. No single customer sales accounted for over 30% following the consumer market demand changes and the strategic adjustment of the Group's development strategy. As such, the Company's sales concentration risk is still limited.

(X) Impacts of substantial transfer or replacement of directors, supervisors or major shareholders holding more than 10% of shares or equity upon the Company, risks and countermeasures: None.

(XI) Impacts of changes in management rights upon the Company, risks and countermeasures: NA.

(XII) For the major finalized and pending major litigations, non-litigation or litigations for administrative disputes associated with the Company and its directors, supervisors, presidents, substantive owners or major shareholders holding over 10% of the Company's shares or affiliates of which the results may have major impacts on the shareholder equity or securities prices, the disputed facts, target amount, commencement date of litigation, main parties concerned and measures taken as of the publication date of the annual report shall be disclosed:

1. Finalized judgments or pending major litigations, non-litigations, or administrative disputes of the Company in the most recent years and as of the publication date of the annual report of which the results may have significant impacts on the shareholder equity or securities prices: None.
2. Finalized judgments or pending litigations, non-litigations, or administrative disputes associated with the Company's directors, supervisors, or major shareholders holding over 10% of the Company's shares in the last two years and as of the printing date of the annual report of which the results may have major impacts on the shareholders' rights or share prices: None.
3. Company's directors, supervisors, managerial officers and major shareholders with shareholding percentage above 10% and affiliated enterprises being subject to the conditions described in Article 157 of the Securities and Exchange Act in the most recent two years and up to the printing date of the annual report and the

current handling status of the Company: None.

(XIII) Other important risks and countermeasures:

1. High capital and technology intensive industry with large long-term capital needs

The optical glass cutting, edging, polishing, strengthening, thinning, coating, and molding processes require a large number of precision production equipment. Because multi-processes such as preheating, ion exchange, molding, and annealing are required for chemical strengthening, molding, etc., the process time is long, and large-scale mass production equipment and good utilization rates are required to achieve economic scale and meet the huge and fast niche market demand for consumer electronic products. The Company conducts long- and short-term financing with financial institutions in combination with future capital market financing planning in response to long- and short-term funding needs.

2. Smart building glass products are widely used, the market development time is long, and the results do not manifest easily

Smart color-changing glass will replace traditional glass and sun blinds in buildings and residences, especially for smart building indoor compartment applications as well as high-end residential and commercial buildings. This product offers a wide range of functions such as penetration rate selection, fast on/off switching, energy-conserving anti-glare control, and offers more privacy and durability. However, building design and construction times are long, and the initial product efficiency does not manifest easily. The Company can combine the supply chain advantages with its strategic partners by forming strategic alliances to significantly shorten the product development period and enhance competitiveness.

3. Light and thin is the trend for electronic products, and new touch panel technology has been adopted by the industry

New touch panel technology has been widely adopted by manufacturers. Compared to the GG (double glass) technology that was used extensively by the market, the chemically strengthened production capacity of the original touch-sensitive glass has been internalized and used for the currently popular 3D forming glass. The yield rate of the new technology is still an important production cost determination factor. In addition, the market for consumer electronics production capacity has gradually become saturated in recent years, and the capital investment and recovery benefits required for technological refinement have been evaluated. The Company will give priority to leveraging the outsourcing supplier capacity and strictly control the economies of scale

effect. These efforts can also prevent idle production capacity loss caused by sudden socioeconomic problems, and strive to achieve the best profit for the Company.

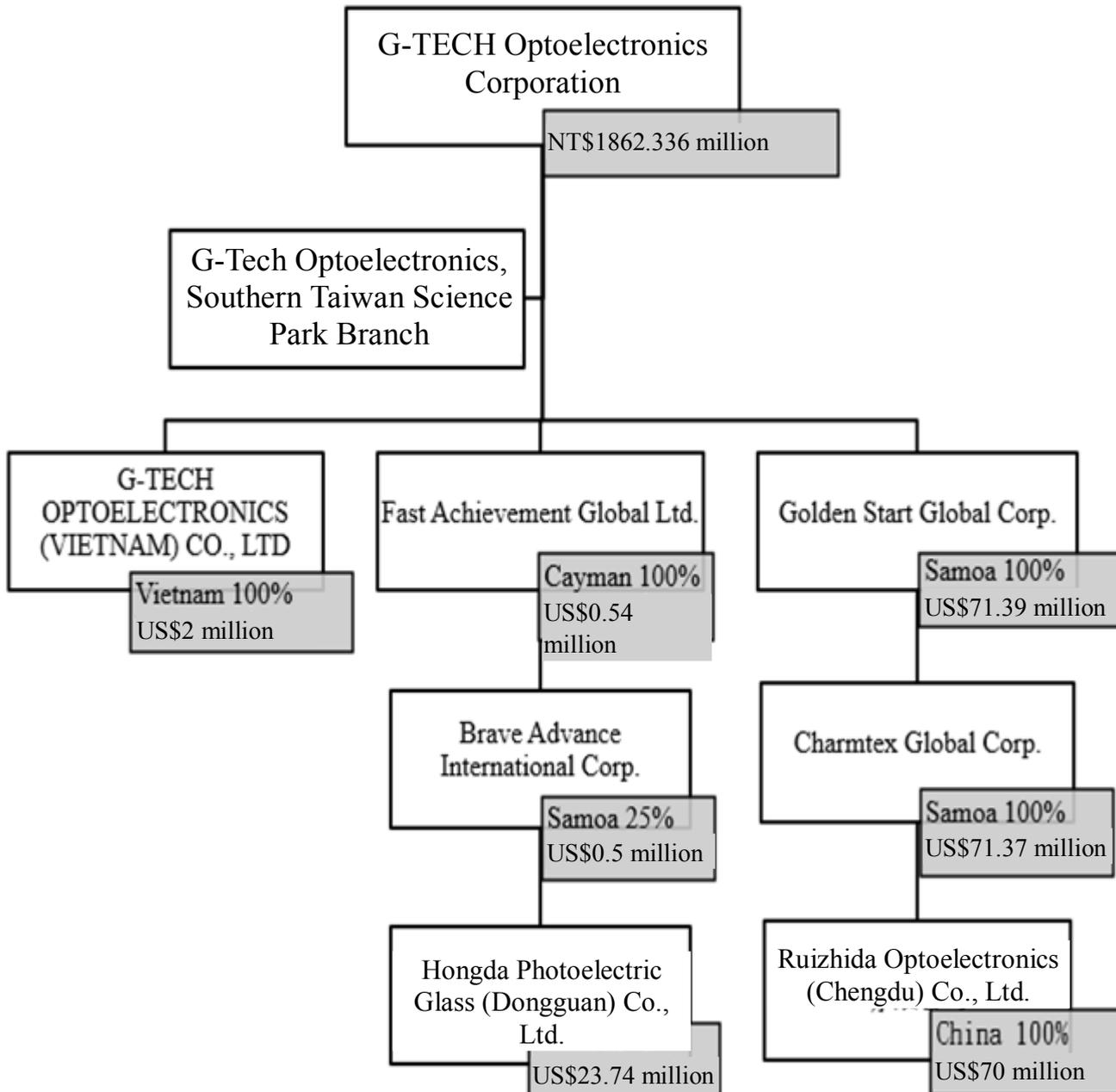
VII. Other significant matters: None.

Six. Special Record Items

I. Information related to affiliated enterprises

(I) Affiliated enterprises organizational chart (December 31, 2024)

Unit: NT\$10 thousand



(II) Basic data of the affiliates

Unit: NT\$ thousand

Enterprise name	Establishment date	Address	Paid-in capital	Main business items
Fast Achievement Global Ltd.	2007-12-26	Cayman	USD540	Holding
Brave Advance International Corp. (Note 1)	2007-12-26	Samoa	USD2,000	Holding
Hongda Photoelectric Glass (Dongguan) Co., Ltd. (Note 1)	2008-01-14	Dongguan, China	USD23,740	Production and sale of TFT-LCD Flat panel display materials
Golden Start Global Corp.	2010-05-14	Samoa	USD71,391	Holding
Charmtex Global Corp.	2010-05-14	Samoa	USD71,371	Holding
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	2011-05-11	Chengdu, China	USD70,000	Production and sale of TFT-LCD Flat panel displays and materials
G-TECH OPTOELECTRONICS (VIETNAM) CO., LTD	2024.08.05	Vietnam	USD2,000	Manufacture and processing of touch control screen

Note 1: Brave Advance International Corp. completed a cash capital increase in January 2019. Since the consolidated company did not recognize the shareholding ratio and the chairperson of the board was re-elected, the shareholding ratio fell to 25% and the Company lost control over it. As such, the profit and loss of said company has ceased to be included in the consolidated financial statements since 2019, in accordance with the reporting guidelines of the International Accounting Standards. Reach lighting Optic Electronics is an investee 100% owned by Brave, and the consolidated company indirectly holds 25% of its shares.

(III) Matters for be disclosed for those having controlling and subordinate relationship as presumed by the Company Act: Not applicable.

(IV) Industries covered by overall businesses of the affiliates and previous labor division:

1. The businesses of the Company include: Processing, manufacturing and sales related to protective panel glass.
2. Labor division for businesses of the affiliates: Hongda Photoelectric Glass (Dongguan) Co., Ltd. and Ruizhida Optoelectronics (Chengdu) Co., Ltd. are responsible for developing local businesses, constructing complete strongholds for manufacturing and selling, and provide after-sales services. G-TECH OPTOELECTRONICS (VIETNAM) CO., LTD. will become a smart automotive touch screen manufacturing and processing factory, and it is currently under construction.

(V) Data on directors, supervisors and presidents of the affiliates

Unit: Shares; %; December 31, 2024

Enterprise name	Title	Name or representative	Shareholding	
			Shares	Shareholding ratio
Fast Achievement Global Ltd.	Director	G-Tech Optoelectronics Corp. Representative: Chung, Chih-Ming	540,000	100%
Brave Advance International Corp.	Director	DE RONG INTERNATIONAL CO., LTD. Representative: Liu, Song	500,000	25%
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	Chairman and President	Brave Advance International Corp. Representative: Chou, Lei	23,740,000	25%
	Supervisor	Brave Advance International Corp. Representative: Lee, Shih-Hung		
Golden Start Global Corp.	Director	G-Tech Optoelectronics Corp. Representative: Chiu, Huo-Sheng	71,391,373	100%
Charmtex Global Corp.	Director	Golden Start Global Corp. Representative: Chiu, Huo-Sheng	71,371,373	100%
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	Chairman and President	Charmtex Global Corp. Representative: Wang, Yao-Chang	70,000,000	100%
	Supervisor	Charmtex Global Corp. Representative: Wu, Tai-Chiu		
G-TECH OPTOELECTRONICS (VIETNAM) CO., LTD	Chairman and President	G-TECH Optoelectronics (Vietnam) Co., Ltd. Representative: Chung, Yu-Hsin	2,000,000	100%

(VI) Overview of the affiliates' operations

December 31, 2024; unit: NT\$
thousand

Enterprise name	Capital	Total assets	Total liabilities	Net value	Operating income	Operating profit	Current profit and loss (after tax)	Earnings per share (NT\$) (after tax)
Fast Achievement Global Ltd.	17,704	59,475	-	59,475	-	-228	2,303	-
Brave Advance International Corp.	65,570	237,683	-	237,683	-	-22	10,106	-
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	733,089	84,688	8,323	76,365	18,333	-6,484	5,940	-
Golden Start Global Corp.	2,340,566	69,705	-	69,705	-	-	6,020	-
Charmtex Global Corp.	2,339,910	69,705	-	69,705	5,160	30	6,020	-
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	1,960,151	158,663	97,823	60,839	173,735	-12,028	5,785	-
G-TECH OPTOELECTRONICS (VIETNAM) CO., LTD	63,962	125,310	67,651	57,659	-	-5,225	-6,303	-

Note: The affiliated enterprises are foreign companies, and the relevant figures are listed in NTD converted on the reporting date.

(VII) Affiliated enterprises consolidated business report, affiliated enterprises consolidated financial report, and affiliation report: Please refer to pages 111 to 243.

- II. Private securities placement status in the most recent year and up to the printing date of the annual report: None.
- III. Other matters requiring supplementary explanation: None.
- IV. Matters with material impacts upon the shareholder equity or securities price under Subparagraph 2 of Paragraph 3 of Article 36-3 of the Securities Exchange Act in the most recent year and as of the publication date of the annual report: None.

Declaration

The Company and its subsidiaries that are 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 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 Standard 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 have not prepared a separate set of consolidated financial statements of affiliates.

Declared by

Company Name: G-TECH Optoelectronics

Corporation

Chairman of the Board: Chung, Chih-Ming

Date: March 7, 2025

Independent Auditor’s Report

The Board of Directors G-TECH Optoelectronics Corporation

Audit opinion

We have audited the accompanying consolidated financial statements of G-TECH Optoelectronics Corporation (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and international Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC

Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We are entrusted to conduct the audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norms for Professional Ethics for Certified Public Accountants and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

I. Revenue Recognition

For the accounting policy on revenue recognition, please refer to Note 4 (16) Revenue Recognition of the consolidated financial reports; for the explanation on revenue recognition, please refer to Note 6(19) of the consolidated financial reports.

Description of Key Audit Matters:

The revenue of the Group mainly comes from product sales to customers, and the sales contract with customers involve different types of transaction terms. For the recognition of sales revenue, the product control transfer status is determined according to the transaction terms of each individual sales contract. Accordingly, the test of the recognition of revenue is identified as a key audit matter for the execution of the audit of the financial statements of the Group.

Corresponding Audit Procedures:

- Evaluate the appropriateness of the accounting policy for revenue recognition;
- Understand and test the effectiveness of the design and implementation of internal control over the main revenue types, transaction models, contract terms and transaction conditions of the Group;
- Conduct detailed tests on samples and check various forms to ensure the authenticity of transactions; perform cut-off testing before and after the financial reporting date, select samples and verify against relevant documents to determine if the timing of recognition of transactions is reasonable;
- Meanwhile, select a period of time around the financial reporting date to check the allowance and discount that the Group is required to provide to customers in accordance with the sales contract to determine whether there are any significant sales returns and discounts, in order to confirm the authenticity of the transaction;
- Obtain the discounted amount to be accrued as imputed by the management and check it with relevant internal or external information to assess the reasonableness of the relevant parameters and key assumptions; check the accuracy of the discount estimates of the previous year to assess whether the discounted amount to be accrued as imputed by the management is appropriate.

II. Investment Property Fair Value Evaluation

For the accounting policy regarding the fair value valuation of investment properties, please refer to Note 4 (10) to the consolidated financial reports; for the uncertainty of accounting estimates and assumptions regarding the fair value of investment properties, please refer to Note 5 (2) to the

consolidated financial reports; for the details of investment properties, please refer to Note 6 (7) to the financial reports.

Description of Key Audit Matters:

The investment property is an important asset for operations of the Company, and accounts for 25% of the total consolidated assets. The accounting of the Company is performed according to International Accounting Standard 40 at fair value, and subsequent changes in fair value are recognized as profit or loss of the current period. Since the Group uses the recommendations of external real estate appraiser reports as the basis for the evaluation of the investment property fair value, the neighborhood rental market prices referenced and financial information related to the investment property rental provided by the Group for the execution of the appraisal procedure may involve material judgment and estimation uncertainty. Accordingly, any inappropriate evaluation of the fair value change may result in misstatement of the financial statements. Accordingly, the investment property fair value evaluation is identified as a key audit matter for the execution of the audit of the financial statements of the Group.

Corresponding Audit Procedures:

- Assess the professionalism, objectiveness and experience of the real estate appraiser retained by the Group to be in charge of the fair value measurement.
- Verify the rationality of the material assumptions and critical judgments adopted in its appraisal report, and review the lease agreements and comparison with relevant market information, in order to determine whether the future cash flow, income and discount rate have been handled according to the regulations.
- Verify the appraisal report and relevant accounting records in order to determine the accuracy of accounting procedures.

Other Matters

The Company has prepared the parent company only financial statements for the years ended December 31, 2024 and 2023, with disqualified independent auditor's opinion 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 the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission, and for necessary internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the responsibilities of the management also include

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's 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 in the consolidated financial statements. Misstatement can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

1. Identify and assess the risk of material misstatement in the consolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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 a necessary understanding of internal control concerning the inspection in order to design appropriate inspection procedures that are appropriate for the time being. The purpose, however, is not to effectively express opinions on the internal control of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
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 the Group to continue as a going concern. If we conclude that a material uncertainty exists, then relevant disclosures of the consolidated financial statements are required to be provided in our audit report to allow users of consolidated financial statements to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including relevant notes, and whether the consolidated financial statements 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 individual entities of the Group and provide an opinion on the consolidated financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion on the Group.

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 have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude 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 could reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

CPA:

Certificate No. Approved by
the Competent Authority of
Securities

March 7, 2025

Jin Guan Zheng Liu Zi
: No.0940129108
Jin Guan Zheng Shen Zi
No.1020000737

G-TECH Optoelectronics Corporation and Subsidiaries
Consolidated Balance Sheet
December 31, 2024 and 2023

Unit: NTD thousand

Asset	2024.12.31		2023.12.31		Liabilities and Equity	113.12.31		112.12.31			
	Amount	%	Amount	%		Amount	%	Amount	%		
Current assets:					Current liabilities:						
1100	Cash and Cash Equivalents (Notes 6 (1) and (21))	\$ 999,623	21	558,226	14	2100	Short-term borrowings (Notes 6 (9) and (21))	\$ 700,748	15	382,000	10
1110	Financial assets at fair value through profit or loss - current (Notes 6 (2) & (21))	4,354	-	324	-	2130	Contract liabilities - current (Note 6 (19))	16,107	-	5,582	-
1170	Notes and accounts receivable, net (Notes 6 (3), (19) and (21))	393,972	9	430,799	11	2170	Notes and accounts payable, net (Note 6 (21))	372,655	8	289,551	7
1180	Notes and accounts receivable - related parties, net (Notes 6 (3), (19), (21) and 7)	3,829	-	3,077	-	2180	Notes and accounts payable - related parties, net (Notes 6 (21) and 7)	24,497	1	10,639	-
1220	Current income tax assets	1,376	-	1,597	-	2219	Other payables (Notes 6 (21) and 7)	84,068	2	83,885	2
130X	Inventories (Note 6 (4))	173,919	4	152,794	4	2213	Equipment payable (Notes 6 (21) and (24))	6,921	-	2,133	-
1476	Other financial assets - current (Notes 6 (8), (21), and 8)	342,479	7	387,794	9	2250	Liability reserve - current (Note 6 (13))	10,483	-	16,459	-
1479	Other current assets - others	48,111	1	14,816	-	2280	Lease liabilities - current (Note 6 (21))	27,994	1	1,008	-
	Total current assets	<u>1,967,663</u>	<u>42</u>	<u>1,549,427</u>	<u>38</u>	2321	Corporate bonds due or resale right exercised within one year or one business cycle (Notes 6 (11) and (21))	-	-	498,614	12
						2322	Long-term borrowings due within one year or one business cycle (Notes 6 (10) and (21))	184,491	4	201,701	5
	Non-current assets:					2399	Other current liabilities - others	47	-	315	-
1510	Financial assets at fair value through profit or loss - current (Notes 6 (11) and (21))	99,960	2	-	-		Total current liabilities	<u>1,428,011</u>	<u>31</u>	<u>1,491,887</u>	<u>36</u>
1551	Investment by the equity method (Note 6 (5))	58,393	1	53,727	1		Non-current liabilities:				
1600	Property, plant and equipment (Notes 6 (6), (24), 8 and 9)	1,182,444	26	1,248,299	30	2540	Long-term borrowings (Notes 6 (10) and (21))	1,156,259	25	1,167,876	29
1755	Right-of-use assets	101,079	2	29,204	1	2550	Liability reserve - non-current	16,549	-	17,280	-
1760	Investment properties, net (Notes 6 (7) and 8)	1,148,336	25	1,147,256	28	2570	Deferred income tax liabilities (Note 6 (14))	63,326	1	57,425	1
1780	Intangible assets	2,723	-	2,122	-	2580	Lease liabilities - non-current (Note 6 (21))	50,339	1	668	-
1840	Deferred income tax assets (Note 6 (14))	12,466	-	8,617	-		Total non-current liabilities	<u>1,286,473</u>	<u>27</u>	<u>1,243,249</u>	<u>30</u>
1915	Prepayments for equipment (Notes 8 and 9)	94,298	2	33,832	1		Total liabilities	<u>2,714,484</u>	<u>58</u>	<u>2,735,136</u>	<u>66</u>
1980	Other financial assets - non-current (Notes 6 (8), (21), and 8)	8,972	-	28,845	1		Equity attributable to owners of the parent company (Notes 6 (15) and (16))				
	Total non-current assets	<u>2,708,671</u>	<u>58</u>	<u>2,551,902</u>	<u>62</u>	3110	Ordinary share capital	1,862,336	40	1,443,296	35
						3140	Capital collected in advance	-	-	2,760	-
	Total Assets	<u>\$ 4,676,334</u>	<u>100</u>	<u>4,101,329</u>	<u>100</u>	3200	Capital surplus	436,690	9	22,614	1
						3300	Losses to be covered	(821,325)	(17)	(581,144)	(14)
						3400	Other equities	484,149	10	478,667	12
							Total equity	<u>1,961,850</u>	<u>42</u>	<u>1,366,193</u>	<u>34</u>
							Total liabilities and equity	<u>\$ 4,676,334</u>	<u>100</u>	<u>4,101,329</u>	<u>100</u>

(For details, please refer to the notes attached to the consolidated financial statements)

Chairman of the Board: Chung, Chih-Ming

Managerial Officer: Chung, Chih-Ming

Accounting Officer: Tai-Chiu Wu

G-TECH Optoelectronics Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
Years ended December 31, 2024 and 2023

Unit: NTD thousand

		<u>2024</u>		<u>2023</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenues (Notes 6 (19) and 7)	\$ 2,163,181	100	1,859,041	100
5000	Operating costs (Notes 6 (4), (13) and 7)	2,138,719	99	1,796,468	97
	Gross profit	<u>24,462</u>	<u>1</u>	<u>62,573</u>	<u>3</u>
	Operating expenses (Notes 6 (3), (13) and (16))				
6100	Selling and marketing expenses	47,554	2	38,473	2
6200	Administrative expenses	169,190	8	124,891	7
6300	Research and development expenses	118,777	5	97,581	5
6450	Expected credit impairment loss (reversed gains)	(21,946)	(1)	867	-
	Total operating expenses	<u>313,575</u>	<u>14</u>	<u>261,812</u>	<u>14</u>
	Net operating loss	<u>(289,113)</u>	<u>(13)</u>	<u>(199,239)</u>	<u>(11)</u>
	Non-operating income and expense:				
7100	Interest income (Note 6(20))	20,407	1	13,234	1
7020	Other gains and losses (Notes 6 (7), (11), (12) and (20))	73,834	3	116,583	6
7050	Long-term borrowings (Notes 6 (11) and (20))	(46,359)	(2)	(50,465)	(3)
7060	Share of profit or loss of associates or joint venture using the equity method (Note 6 (5))	2,526	-	2,051	-
	Total non-operating income and expenses	<u>50,408</u>	<u>2</u>	<u>81,403</u>	<u>4</u>
	Net loss before tax from continuing operating segments	<u>(238,705)</u>	<u>(11)</u>	<u>(117,836)</u>	<u>(7)</u>
7950	Less: income tax assets (Note 6 (14))	<u>2,054</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Net loss of current period	<u>(240,759)</u>	<u>(11)</u>	<u>(117,836)</u>	<u>(7)</u>
8300	Other comprehensive income:				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Difference in exchange from the conversion of financial statements of overseas operating entities	5,716	-	(1,099)	-
8370	Share of other comprehensive income of associated companies and joint ventures accounted for using the equity method	(234)	-	(282)	-
8399	Less: Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total of items that may subsequently be reclassified to profit or loss	<u>5,482</u>	<u>-</u>	<u>(1,381)</u>	<u>-</u>
8300	Other comprehensive income (loss) of current period	<u>5,482</u>	<u>-</u>	<u>(1,381)</u>	<u>-</u>
8500	Total comprehensive income of current period	<u>\$ (235,277)</u>	<u>(11)</u>	<u>(119,217)</u>	<u>(7)</u>
	Losses per share (Note 7 (17))				
9710	Basic loss per share (Unit: NT\$)	<u>\$ (1.45)</u>		<u>(0.82)</u>	

(For details, please refer to the notes attached to the consolidated financial statements)

Chairman of the Board: Chung, Chih-Ming

Managerial Officer: Chung, Chih-Ming

Accounting Officer: Tai-Chiu Wu

G-TECH Optoelectronics Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

Years ended December 31, 2024 and 2023

Unit: NTD thousand

	Share capital				Difference in exchange from the conversion of financial statements of overseas operating entities	Other equity		
	Ordinary share capital	Capital collected in advance	Capital surplus	Losses to be covered		Revalued amount of property	Total	Total equity
Balance on December 31, 2023	\$ 2,241,856	-	196,778	(1,440,223)	167,361	312,687	480,048	1,478,459
Net loss of current period	-	-	-	(117,836)	-	-	-	(117,836)
Other comprehensive income (loss) of current period	-	-	-	-	(1,381)	-	(1,381)	(1,381)
Total comprehensive income of current period	-	-	-	(117,836)	(1,381)	-	(1,381)	(119,217)
Share-based compensation	-	-	1,052	-	-	-	-	1,052
Covering loss from capital surplus	-	-	(176,915)	176,915	-	-	-	-
Capital reduction to make up for losses.	(800,000)	-	-	800,000	-	-	-	-
Issuance of new shares for employees' exercise of stock options	1,440	2,760	1,699	-	-	-	-	5,899
Balance on January, 2023	1,443,296	2,760	22,614	(581,144)	165,980	312,687	478,667	1,366,193
Net loss of current period	-	-	-	(240,759)	-	-	-	(240,759)
Other comprehensive income (loss) of current period	-	-	-	-	5,482	-	5,482	5,482
Total comprehensive income of current period	-	-	-	(240,759)	5,482	-	5,482	(235,277)
Covering loss from capital surplus	-	-	(578)	578	-	-	-	-
Issuance of new shares for employees' exercise of stock options	19,040	(2,760)	9,054	-	-	-	-	25,334
Cash capital increase	400,000	-	384,000	-	-	-	-	784,000
Costs of employee subscription compensation for capital increase in cash	-	-	21,600	-	-	-	-	21,600
Balance on December 31, 2024	\$ 1,862,336	-	436,690	(821,325)	171,462	312,687	484,149	1,961,850

(For details, please refer to the notes attached to the consolidated financial statements)

Chairman of the Board: Chung, Chih-Ming

Managerial Officer: Chung, Chih-Ming

Accounting Officer: Tai-Chiu Wu

G-TECH Optoelectronics Corporation and Subsidiaries

Consolidated Statements of Cash Flows

Years ended December 31, 2024 and 2023

	Unit: NTD thousand	
	2024	2023
Cash Flows from Operating Activities:		
Net loss before tax in the period	\$ (238,705)	(117,836)
Adjustments:		
Income/expenses items		
Depreciation expense	135,213	133,779
Amortizations	1,152	1,373
Expected credit impairment loss (reversed gains)	(21,946)	867
Net loss on financial asset or financial liability at fair value through profit or loss	10,625	1,130
Investment income recognized under the equity method	(2,526)	(2,051)
Gains from disposal of and scrapping property, plant and equipment	-	(2,022)
Interest expense	46,359	50,465
Interest income	(20,407)	(13,234)
Share-based payment cost	21,600	1,052
Gain on fair value adjustment of investment property	(1,080)	(1,265)
Gains on lease modification	(4)	-
Others	-	32
Total adjustments to reconcile profit and loss	168,986	170,126
Change in assets/liabilities relating to operating activities:		
Net changes in assets related to operating activities:		
Decrease in notes and accounts payable (related parties included)	59,096	27,899
(Increase) decrease in Inventory	(21,125)	34,467
Increase in other current assets	(33,135)	(867)
Decrease in other financial assets	3,344	2,328
Total net changes in assets related to operating activities	8,180	63,827
Net changes in liabilities related to operating activities:		
Increase (decrease) in contract liabilities - current	10,366	(7,878)
Increase (decrease) in notes and accounts payable (including related parties)	95,461	(16,604)
Decrease in other payables	(945)	(21,228)
Decrease in provision for liability	(6,707)	(9,715)
Increase (decrease) in other current liabilities - others	(269)	281
Decrease in other non-current liabilities - others	-	(1,020)
Total net changes in liabilities related to operating activities	97,906	(56,164)
Total net changes in assets and liabilities related to operating activities	106,086	7,663
Total adjustments	275,072	177,789
Cash inflow generated by operating activities	36,367	59,953
Interest received	18,039	13,204
Dividends received	1,285	-
Interest paid	(42,186)	(44,899)
Income tax paid	(977)	(1,194)
Net cash inflow generated by operating activities	12,528	27,064

G-TECH Optoelectronics Corporation and Subsidiaries
Consolidated Statements of Cash Flows (continued)
Years ended December 31, 2024 and 2023

Unit: NTD thousand

	2024	2023
Cash flow from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(167,001)	(12,114)
Disposal of financial assets at fair value through profit or loss	52,386	10,660
Property, plant and equipment acquired	(39,850)	(38,981)
Disposal of property, plant and equipment	-	2,000
Acquisition of intangible assets	(1,753)	(1,091)
Decrease (increase) in other financial assets	65,423	(10,921)
Increase in prepayments for equipment	(60,455)	(5,289)
Net cash used in investing activities	(151,250)	(55,736)
Cash flows from financing activities:		
Increase in short-term borrowings	1,287,748	874,000
Decrease in short-term borrowings	(969,000)	(885,792)
Repayment of corporate bonds	(500,000)	-
Proceeds from long-term borrowings	370,000	470,000
Repayments of long-term borrowings	(398,827)	(543,263)
Lease principle repayment	(21,188)	(15,078)
Cash capital increase	784,000	-
Employees' exercise of stock options	25,334	5,899
Net cash generated from (used in) financing activities	578,067	(94,234)
Effect of exchange rate changes on cash and cash equivalents	2,052	(1,143)
Increase (decrease) of cash and cash equivalents in current period	441,397	(124,049)
Balance of cash and cash equivalents at beginning of period	558,226	682,275
Balance of cash and cash equivalents at end of period	\$ 999,623	558,226

(For details, please refer to the notes attached to the consolidated financial statements)

Chairman of the Board: Chung, Chih-Ming

Managerial Officer: Chung, Chih-Ming

Accounting Officer: Tai-Chiu Wu

G-TECH Optoelectronics Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
2024 and 2023

(Unless otherwise specified, all amounts shall be denominated in NT\$ thousand)

I. Company History

G-TECH Optoelectronics Corporation (“the Company”) was established on June 27, 1996 with the approval of the Ministry of Economic Affairs, with the registered place at No. 99 Zhongxing Rd., Tongluo Township, Miaoli County. The main businesses of the Company and its subsidiaries (hereinafter collectively referred to as “the consolidated company”) are manufacturing glass, glass products and electronic components as well as conducting international trade, etc.

II. Approval of Dates and Procedures of Financial Statements

The consolidated financial reports were approved by the Board of Directors for release on March 7, 2025.

III. Application of New, Amended and Revised Standards and Interpretations

- (I) Effects of adopting the amendments to the IFRSs endorsed and issued into effect by the FSC
- The Group has applied the following new amendments to IFRSs since January 1, 2024, without material effects on the consolidated financial reports.
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
 - Amendments to IAS 1 "Non-current Liabilities with Covenants"
 - Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
 - Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"
- (II) Effects of not adopting IFRSs endorsed by the FSC
- The Group has assessed that the application of the following new amendments to IFRSs since January 1, 2025, without material effects on the consolidated financial reports.
- Amendments to IAS 21 "Lack of Convertibility"
 - The amendment regarding the application guidance in Section 4.1 in IFRS 9 and disclosure requirement in IFRS 7 in the amendment to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- (III) New, amended and revised standards and interpretations not endorsed by the FSC
- The standards and interpretations issued by the IASB but not yet endorsed and issued into effect by the FSC that may be relevant to the Group are as follows:

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

<u>Newly promulgated or amended standards</u>	<u>Main amendments</u>	<u>Effective date of publication by FSC</u>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two subtotals of income statement, and one single note about the management performance measurement (MPM).</p> <p>These three amendments and enhancements provide a guide for how to disaggregate information in financial statements, and lay a foundation to provide users with better and more consistent information, and will affect all companies.</p>	January 1, 2027
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> • The more structured income statement: pursuant to the current standard, a company uses different formats to present its operating results, so that investors cannot easily compare the financial performance of different companies. The new standard uses a more structured income statement, and introduces the subtotal "operating profits" newly defined, while specifying all incomes and expenses are classified into three new categories based on the Company's main business activities. • Management Performance Measurement (MPM): The new standard introduces the definition of management performance measurement, and requires companies to provide the information on each measurement indicator in a single note to the financial statements, explaining why the indicator provides useful information, how to calculate, and how to reconcile between the MPM and the the amount recognized by the IFRS accounting standards. • More disaggregated information: the new standard include the guides to enhance the information grouping in the financial statement. This include whether information shall be included in the main financial statements or further disaggregated in the notes. 	January 1, 2027

The Group is currently assessing the impact of the aforementioned standards and interpretations on the financial status and business results of the Group, and relevant impacts

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

will be disclosed after the completion of the assessment.

The following newly promulgated and amended standards not yet approved are not expected to have material impact on the consolidated financial statements of the Group.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- The amendment regarding the application guidance in Sections 3.1 and 3.3 in IFRS 9 and disclosure requirement in IFRS 7 in the amendment to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards
- Amendment to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

IV. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of the consolidated financial statements are summarized as follows. The following accounting policies have been applied consistently throughout the presented periods in the consolidated financial statements.

(I) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (referred to as the “Regulations”) and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs” endorsed and issued into effect by the FSC).

(II) Basis of preparation

1. Measurement bases

The consolidated financial statements have been prepared on the historical cost basis, except for the following significant balance sheet items.

- (1) Financial assets at fair value through profit or loss measured at fair value
- (2) Investment properties measured at fair value
- (3) Net defined benefit liabilities are measured at the present value of the defined benefit obligation less the fair value of the pension fund plan assets

2. Functional currencies and presenting currency

The functional currency of each entity of the consolidated company is determined based on the currency of the primary economic environment in which it operates. These consolidated financial statements are presented in New Taiwan Dollars, which is the consolidated company’s functional currency. All financial information is presented in NTD thousand.

(III) Consolidation basis

1. Principles of preparing the consolidated financial reports

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. subsidiaries). The Company controls an invested entity when the Company is exposed, or has rights, to variable returns from its involvement with the invested entity and has the ability to affect those returns through its power over the entity.

Consolidation of subsidiaries begins from the date when the consolidated company obtains control of the subsidiaries and ceases on the date when the consolidated company

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

loses control of the subsidiaries. Transactions, balances or any unrealized gains and losses among the consolidated companies have been eliminated during the preparation of the consolidated financial statements. The total comprehensive income/loss of the subsidiaries are attributed to the owners and non-controlling interests of the Company respectively, and the same is true when the non-controlling interests consequently become loss balance.

Appropriate adjustments have been made to the financial statements of subsidiaries to allow their accounting policies to be consistent with those used by the consolidated company.

Changes to the ownership interest of the subsidiaries made by the consolidated company that have not caused the loss of the control over such subsidiaries, are handled as interest transactions with the owner. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity of the owner of the Company.

2. Subsidiaries included in the consolidated financial reports

The subsidiaries included in the consolidated financial statements are:

Name of Investee	Subsidiaries	Business Nature	Shareholding ratio		Explanation
			2024.12.31	2023.12.31	
The Company	Fast Achievement Global Ltd.	Holding	100.00%	100.00%	
”	Golden Start Global Corp.	”	100.00%	100.00%	
”	G-TECH OPTOELECTRONICS (VIETNAM) CO., LTD	Sales, design, production and processing of optical glass and accessories	100.00%	- %	Note:
Golden Global	Charmtex Global Corp.	Holding	100.00%	100.00%	
Charmtex Global	Ruizhida Optoelectronics (Chengdu) Co., Ltd.	Produce and sell TFT - LCD materials	100.00%	100.00%	

Note: This company is newly established and has completed capital injection as of December 31, 2024.

3. Subsidiaries not included in the consolidated financial reports: none

(IV) Foreign currency

1. Foreign currency transaction

Transactions in foreign currencies are translated to the functional currency at the exchange rate at the dates of the transactions. At the end of each subsequent reporting period (referred to as the “report date”), foreign currency items are translated to the functional currency at the exchange rate at that date. Non-monetary items measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transaction.

The foreign exchange difference arising from the conversion is typically recognized in profit or loss; however, it shall be recognized under other comprehensive income for the following conditions:

- (1) Equity instruments designated as measured at fair value through other comprehensive income;
- (2) Financial liabilities designated as net investment hedges for foreign operations

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

within the effective extent of hedging; or

(3) Eligible cash flow hedging is within the effective extent of hedging.

2. Foreign operation

The assets and liabilities of foreign operations include the reputation and fair value adjustment at the time of acquisition, and it is converted into NTD according to the exchange rate on the report date. The profit and loss items are converted into NTD according to the average exchange rate of the current period. The exchange difference generated is recognized as other comprehensive income.

In case of disposal of a foreign operation leading to loss of control, joint control or material impact, the accumulated exchange difference related to the foreign operation shall be reclassified as profit or loss in full. During partial disposal of subsidiaries involving foreign operations, relevant accumulated exchange difference shall be reclassified as non-controlling interest proportionally. During partial disposal of affiliated enterprise or joint venture investment involving foreign operations, relevant accumulated exchange difference shall be reclassified as profit or loss proportionally.

For monetary accounts receivable or payable of a foreign operation, if there is no repayment plan and repayment cannot be made in the foreseeable future, the foreign exchange profit or loss arising therefrom shall be treated as part of the net investment on such foreign operation and shall be recognized as other comprehensive income.

(V) Criteria for classifying assets and liabilities as current or non-current

The Group classifies assets as current assets if meeting any of the following criteria, and classifies all other assets that are not current assets as non-current assets:

1. Assets expected to be realized, or intended to sell or consume such within its normal business cycle;
2. Assets held primarily for the purpose of trading;
3. Assets expected to be realized within 12 months after the reporting period; or
4. Cash and cash equivalents (as defined in IAS 7), unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

The Group classifies liabilities as current liabilities if meeting any of the following criteria, and classifies all other liabilities that are not current assets as non-current liabilities:

1. Liabilities expected to be settled within its normal business cycle;
2. Liabilities held primarily for the purpose of trading;
3. Liabilities due to be settled within 12 months after the reporting period; or
4. Liabilities without substantial right on the balance sheet date to defer settlement for at least 12 months on the end date of reporting period.

(VI) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents refer to short-term investments with high liquidity that are subject to insignificant risk of changes in their fair value and can be cashed into fixed amounts of money. The definition of time deposit is similar to that of cash equivalent; however, the purpose of holding time deposit is for short-term cash commitment rather than investment, to be classified as cash equivalents.

(VII) Financial Instruments

Accounts receivable and debt securities are initially recognized upon receipt. All other financial assets and financial liabilities are initially recognized when the consolidated company becomes a party to the contractual provisions of the instruments. Financial assets not measured at fair value through profit or loss (excluding account receivables not containing a significant financial component) or financial liabilities were initially measured

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

at fair value plus the transaction cost directly attributed to the acquisition or issuance thereof. Accounts receivable not containing a significant financial component were initially measured at the transaction price.

1. Financial asset

For the purchase or sale of financial assets complying with regular trading, the consolidated company uses the same method to classify the financial assets. All of the purchases and sales of financial assets are recognized using trade-date or settlement-date accounting.

During the initial recognition, the financial assets are classified as: financial assets measured at amortized cost or financial assets at fair value through profit or loss.

The consolidated company reclassifies all affected financial assets starting on the first day of the next reporting period only when it changes its business model for managing its financial assets.

(1) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principle amount outstanding.

Such assets subsequently use the initially recognized amount plus or less the accumulated amortized value using the effective interest method, and adjust any allowance loss measured at amortized cost. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Gains or losses on derecognition are recognized in profit or loss.

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

The financial instruments that are not measured at amortized cost or measured at fair value through other comprehensive income as described above are measured at fair value through profit or loss, including derivative financial assets. When making initial recognition, the consolidated company may irrevocably recognize the financial assets that qualify as financial assets measured at amortized cost as financial assets at fair value through profit or loss in order to eliminate or significantly reduce the accounting mismatch.

Such assets are subsequently measured at fair value, and the gain or loss (including any dividends and interest income) is recognized as profit or loss.

(3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

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

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

increased significantly since initial recognition.

Loss allowance for trade receivables is measured at an amount equal to lifetime ECLs.

To determine whether the credit risk has significantly increased after the initial recognition, the Group considers reasonable and verifiable information (information that can be obtained without excessive cost or investment), including qualitative and quantitative information, and the analysis conducted by the Group based on past experience, credit assessment and prospective information.

The consolidated company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligation to the Group in full.

Where credit risk of financial instruments belong to the globally defined “investment grade” (BBB- - Standard & Poor’s investment grade, Baa3 - Moody’s investment grade or twA - investment grade of Taiwan Ratings, or a higher grade), the credit risk of such debt securities will be deemed low by the consolidated company.

Lifetime ECLs are the ECLs that result from all possible default events during the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from possible default events within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the consolidated company is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses during the expected lifetime of the financial instrument. Credit losses are measured as the present value of all cash shortfalls, i.e. the difference between the cash flows due to the consolidated company in accordance with contracts and the cash flows that the consolidated company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the consolidated company assess whether financial assets measured at amortized cost are subject to credit impairment. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observation data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- For economic or contractual reasons related to the borrower’s financial difficulty, having granted to the borrower a concession that the consolidated company would not otherwise consider;
- It is probable that the borrower will file for bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security due to financial difficulties.

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

The gross carrying amount of a financial asset is written off, either in full or

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

partially, to the extent that there is no realistic prospect of recovery for the consolidated company. For corporate accounts, the consolidated company individually analyzes the write-off timing and amount based on whether it is reasonably expected to be recovered. The consolidated company expects that the written off amount will not have any significant reversal. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(4) Derecognition of financial assets

The Group derecognizes financial assets only when the contractual rights of the cash flows from the asset are terminated, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party, or when nearly all risks and rewards of ownership are not transferred and not retained and the control of the financial asset is not retained.

When the Group signs a transaction for transferring financial assets, if all or nearly all of the risks and rewards of the ownership of the assets transferred are retained, then it is still continued to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The debts and equity instruments issued by the consolidated company are classified as financial liabilities or equity according to the substance of contract agreements and the definition of financial liabilities and equity instruments.

(2) Equity transactions

Equity instrument refers to any contract representing the consolidated company with remaining equity from assets after all liabilities have been subtracted. The equity instruments issued by the consolidated company are recognized based on the amount obtained from the payment amount less the direct issuance cost.

(3) Compound financial instrument

The compound financial instruments issued by the consolidated company refer to convertible corporate bonds (valued in NTD) of options held by the owner for converting into capital share, and the quantity of the shares issued does not change along with changes of the fair value.

For the liability component of compound financial instruments, its amount initially recognized is measured at the fair value of similar liabilities excluding the equity conversion right. The initially recognized amount of the equity component is measured based on the difference between the overall compound financial instrument fair value and the liability component fair value. Any transaction costs that can be attributed directly are amortized to the liability and equity component according to the initial carrying amount ratio of the liability and equity.

After initial recognition, the liability component of the compound financial instruments is subsequently measured at amortized cost calculated using the effective interest method. For the equity component of compound financial instruments, it shall not be remeasured after initial recognition.

The interest related to the financial liabilities is recognized in profit or loss. When financial liabilities are reclassified as equity during the conversion, such conversion is not recognized in profit or loss.

(4) Financial liability

Financial liabilities are subsequently measured either at amortized cost or at fair

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

value through profit or loss. Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading, is a derivative instrument, or is designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, with any relevant net gains or losses, including any interest expense, recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost calculated using the effective interest method. Interest expense and exchange gain and loss are recognized in the profit or loss. On derecognition, any profits or losses are recognized in profit or loss.

(5) Derecognition of financial liabilities

The consolidated company derecognizes a financial liability when its contractual obligation has been discharged, canceled or has expired. When there are changes in the terms of the financial liabilities and there is significant difference in the cash flow of liabilities after revision, then the original financial liabilities are derecognized, and the revised terms are used as the basis for the recognition of the new financial liabilities at fair value.

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

(6) Offsetting financial assets and liabilities

The consolidated company only presents financial assets and liabilities on a net basis when the Company currently has the legally enforceable right to offset them, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(VIII) Inventories

Inventory is measured based on the lower of the cost and the net realizable value. The cost of inventories consists of all costs of acquisition, production or processing costs and other costs arising from the location and state of use, and the weighted average method is used. The costs of finished products and work in process include the manufacturing expense amortized according to the appropriate ratio under normal production capacity.

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

(IX) Investments in Associates

Associate refers to an entity where the consolidated company has material impact on its financial and operational policies, but has no control or joint control over.

The consolidated company adopts the equity method for the equity of an associate. Under the equity method, it is recognized at cost during the initial acquisition, and the investment cost includes the transaction cost. The carrying amount of the invested associate includes the goodwill identified during the initial investment, less any accumulated impairment loss.

The consolidated financial statements includes the amount of profit or loss and the amount of other comprehensive income of each invested associate, from the date of having material impact to the date of losing material impact, after adjustments to make the accounting policy consistent with the consolidated company, recognized by the consolidated company according to the equity ratio. When the associate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage of the Group in the associate is not affected, the Group then recognizes the equity change under the share of the associate for the Group as capital reserve according to the shareholding percentage.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

The unrealized profit and loss arising from the transactions between the Group and associates is recognized in the company's financial statements only within the equity scope of the non-related party on the associate. When the loss amount of the associate required for recognition proportionally by the consolidated company is equal to or exceeds its equity in the associate, its loss is no longer recognized, and additional loss and relevant liabilities are recognized only within the scope of occurrence of statutory obligation, presumed obligation or payments made on behalf of the investee.

(X) Investment Property

Investment property refers to property held for the purpose of earning rents or capital value increase or both, and excluding property provided for normal business sales, for production, for product or labor or for administrative management purposes. Investment property is measured at cost initially, and subsequently measured at fair value. Any change thereof is recognized in profit or loss.

The profit or loss from disposition of investment property (calculated based on the difference between the net disposition amount and the carrying amount of such item) is recognized in profit or loss. If an investment property for sale was previously classified as property, plant and equipment, any relevant "Other equity - revalued amount of property" is changed to be recognized as retained earnings.

The rental income from investment property is recognized as non-operating income under the straight-line method during the lease period, and the lease incentive offered during the lease period is recognized as part of the rental income.

(XI) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalized borrowing costs) less subsequent accumulated depreciation and any subsequent accumulated impairment loss.

When the useful lifetimes of the major components of the property, plant and equipment are different, then it is handled as an independent item (main component) of the property, plant and equipment.

The gain or loss arising from the disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenditure is capitalized only when it is possible that the future economic benefits associated with the expenditure will flow to the consolidated company.

3. Depreciation

The depreciation of an asset is determined after deducting its residual amount from its original cost and is depreciated using the straight-line method over its useful life in order to be recognized in profit or loss.

Land is not depreciated.

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

(1) Houses and buildings	7~25 years
(2) Machinery and equipment	6~7 years
(3) Other equipment	2~5 years
(4) Leasehold improvement	1~10 years

The houses and buildings mainly include factory buildings, electromechanical power equipment, engineering and dust-free clean room systems. Their depreciation is accrued

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

according to their useful life of 25 years, 10 years and 10 years respectively.

Depreciation methods, useful lives and residual values are reviewed by the consolidated company at each reporting date, and are adjusted appropriately when it is determined necessary.

4. Reclassified to investment properties

When the purpose of a property for own use is changed to an investment property, such property is reclassified to investment property based on the fair value at the time of change of its purpose. The profit generated is then remeasured, and it is recognized in profit or loss within the scope of the accumulated impairment previously recognized for such property. The remaining difference is then recognized under other comprehensive income, and it is cumulated to "Other equity - revalued amount of property". Any loss is recognized in profit or loss; however, if the reduced value is still within the revalued amount of the property, then the reduced amount is recognized in other comprehensive income, and the revalued amount in the equity is offset and reduced.

(XII) Leases

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

1. Lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the consolidated company periodically assesses whether the right-of-use asset has any impairment and handles any impairment loss already incurred, and under the condition where remeasurement on the lease liability occurs, the right-of-use-asset is adjusted.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. If the interest rate implicit in the lease is easy to determine, the discount rate is the interest rate. If it is not easy to determine, the consolidated company's incremental borrowing rate shall apply. Generally, the consolidated company uses its incremental borrowing rate as the discount rate.

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

- (1) Fixed payments, including in-substance fixed payments;
- (2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (3) Amounts expected to be payable under a residual value guarantee; and
- (4) The exercise price under a purchase option or lease termination that the Group is reasonably certain to exercise, or penalties required for a lease.

The lease liability is measured at amortized cost using the effective interest method, and it is remeasured under the following conditions:

- (1) When there is a change in future lease payments arising from a change in index or

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

rate;

- (2) When there is a change in the estimate of the amount expected to be payable under a residual value guarantee;
- (3) When there is change in the assessment of whether to exercise a purchase option of the underlying asset;
- (4) If there is a change in the assessment of whether to exercise an extension or termination option, and a change to the assessment of the lease period;
- (5) When there is change to the lease subject matter, scope or other terms.

When the lease liability is remeasured due to the aforementioned change in future lease payments arising from a change in an index or rate, change in residual value guarantee and change in purchase, extension or termination option assessment, a corresponding adjustment is made to the carrying amount of the right-of-use asset, and it is recorded in profit or loss when the carrying amount of the right-of-use asset has been reduced to zero.

For change of lease in the reduction of the scope of lease, the carrying amount of the right-of-use asset is reduced in order to reflect the termination of all or a portion of the lease, and the amount of difference with the lease liability is remeasured for recognition in profit or loss.

The consolidated company presents right-of-use assets and lease liability that do not meet the definition of investment property in single items in the balance sheets respectively.

For short-term leases of other equipment and low-value underlying asset leases, the Group chooses not to recognize them as right-of-use assets or lease liabilities, but recognizes relevant lease payments associated with these leases as expenses on a straight-line basis over the lease term.

2. Lessor

For transactions with the Group as the lessor, the lease contracts are classified on the lease establishment date depending on whether nearly all of the risks and remunerations associated with the underlying asset ownership are transferred. If true, it is classified as financial lease; if false, it is classified as operating lease. During evaluation, the consolidated company considers relevant specific indicators including whether the lease period covers the key components of the underlying asset economic lifetime.

If the consolidated company is a sub-lessor, the primary lease and sub-lease transactions are dealt with separately, and the right-of-use assets generated from the primary lease are used to evaluate the classification of the sub-lease transactions. If the primary lease refers to a short-term lease and is exempted for recognition, then the sub-lease transaction shall be classified as operating lease.

If the agreement includes lease and non-lease components, the consolidated company uses the consideration for an amortization contract specified in IFRS 15.

For operating lease, the Group adopts the straight-line basis to recognize the lease payment collected during the lease period as the rental income.

(XIII) Intangible assets

1. Recognition and measurement

Research and development activity related expenses are recognized in profit or loss when such expenses are incurred.

A development expense is capitalized only when it can be measured reliably, product or process technology or commercial feasibility has been reached, future economic benefit

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

is likely to flow into the consolidated company, and the consolidated company has the intention and sufficient resources to complete such development and has further used or sold the asset. Other development expenses are recognized in profit or loss when such expenses are incurred. After the initial recognition, the capitalized development expense is measured based on the amount obtained from the cost less the accumulated amortization and cumulative impairment.

Other intangible assets with limited useful life acquired by the Group, including computer software and other intangible assets, etc., are measured by the cost less the cumulative amortization and cumulative impairment.

2. Subsequent expenditures

Subsequent expenditure is only capitalized when future economic benefits can be added to relevant specific assets. All other expenses are recognized in profit or loss when such expenses are incurred, including internally developed goodwill and brands.

3. Amortisation

Amortization is calculated according to the asset cost less the estimated residual value, and starting from the available-for-use state of the intangible asset, the straight-line approach is used to recognize it in profit or loss for its estimated useful life.

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

- | | |
|-----------------------------|-----------|
| (1) Computer software | 1~3 years |
| (2) Other intangible assets | 10 years |

Amortization methods, useful lives and residual values of the intangible assets are reviewed by the consolidated company at each reporting date, and are adjusted appropriately when it is determined necessary.

(XIV) Impairment of non-financial assets

The consolidated company assesses whether there is any indication that there might be an impairment in the carrying amount of non-financial assets (excluding inventory, deferred income tax assets and investment property measured at fair value) on each reporting day. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

For the purpose of testing the impairment, a group of assets of most of the cash inflow that is independent from the cash inflow of other individual assets or asset groups is used as the smallest identifiable asset group. The goodwill obtained from the merger of enterprises is amortized to each cash generating unit or cash generating unit consolidated company that is expected to gain benefits from the synergy of the merger.

The recoverable amount for an individual asset or a cash generating unit is the higher of its fair value less costs of disposal or its value in use. During the assessment of the use value, the future cash flow estimation uses a pre-tax discount rate for calculating the current value, and the discount rate shall reflect the current market assessment on the currency time value and the unit specific risk arising from the asset or cash.

If the recoverable amount of an asset is less than its carrying amount, it is recognized as an impairment loss.

An impairment loss shall be recognized immediately in profit or loss, and the carrying amount of each of the assets is reduced proportionally to the carrying amount of other assets in the unit.

Non-financial assets are reversed only in the range not exceeding the carrying amount (less depreciation or amortization) of the asset that has not been determined during the recognition of the impairment loss in the previous year.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

(XV) Provision for liability

Provisions for liabilities are recognized when the Group has an obligation as a result of past events, and the Group is likely to be subject to an outflow of economic resources that will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions for liabilities are discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The amortization of the discount is recognized as interest expense.

1. Restore

According to applicable contracts, when the consolidated company bears the obligation to disassemble, remove or restore the site location for parts of the property, plant and equipment, the present value of cost expected to be incurred due to the disassembly, removal or restoration of the site location is recognized as provision for liabilities.

2. Return and discount of goods

Possible goods return and allowance are estimated according to the empirical value, and they are recognized as the deduction of the sales revenue at the year when the goods are sold. For current obligations arising from past events, the amount and time of occurrence are uncertain; therefore, it is classified as provision for liabilities.

(XVI) Recognition of revenue

1. Revenue from Contracts with Customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for rendering services to its customers. Revenue is recognized in the reporting period when the consolidated company satisfies a performance obligation by transferring its control over the product or service to the customer. The main revenue items of the consolidated company are explained as follows:

(1) Merchandise sales

The consolidated company manufactures panel display screen materials and glass products, and also sells such products. The consolidated company recognizes revenue when the control of products is transferred. Product control transfer refers to when the product has been delivered to the customer, and the customer has the full discretion on the sales channel and price of the product, and the unfulfilled obligations of the customer for accepting the product have not been affected. Delivery refers to a product being transferred to a specific location, and its obsolete and loss risks have been transferred to the customer, and the customer has accepted the product according to the sales contract, the acceptance clauses have become invalid, or the consolidated company has objective evidence to consider that all acceptance criteria have been satisfied.

The consolidated company recognizes the accounts receivable upon the delivery of goods since the consolidated company has the right to collect consideration unconditionally at such time point.

(2) Components of finance

The consolidated company expects that the time period between the time in the customer contract of transferring products or services to the customer and the time when the customer makes payment for such products or services is less than one year; therefore, the consolidated company has not adjusted the currency time value of the transaction price.

(XVII) Employee benefits

1. Defined contribution plans

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the period during which services are rendered by employees.

2. defined benefit plan

The Group's net obligation under defined benefit plans are determined as the present value of employees' future benefits earned from current or previous services rendered for each benefit plan, and deduct any fair value of plan assets.

Defined benefit obligations are estimated by a qualified actuary using the Projected Unit Credit Method on a yearly basis. Where actuarial results are likely favorable to the Group, the asset recognized is limited to the refunded contribution from the plan, or the present value of economic benefits available in the form of lowering the future contributions to the plan. When calculating present value of economic benefit, the Group takes the minimum contribution requirement of all applicable plans into consideration.

Remeasurement of net defined benefit obligation includes actuarial gains/losses, return on plan assets (excluding interests), and any changes in the effect of the asset ceiling (excluding interests), and such is immediately recognized in other comprehensive income, and accumulated in the retained earnings. When the Group determines the net interest expense (income) of the net defined benefit liability (asset), the net defined benefit liability (asset) and discount rate determined at the beginning of the annual reporting period are adopted. The net interest expenses and gains/losses on defined benefit plan are recognized in profit or loss.

When the plan is amended or reduced, the benefit changes related to the prior service cost or reduced profits or losses are recognized immediately in profit or loss. The Group recognizes gain or loss on the settlement of defined benefit plan at the time it takes place.

3. Short-term employee benefits

Obligations for short-term employee benefits are recognized as expenses in the period when services are provided. When the consolidated company is required to bear current statutory or presumed payment obligation due to the service previously provided by an employee, and when such obligation can be estimated reliably, such amount is recognized as liabilities.

4. Termination benefits

Separation benefits refer to when the consolidated company cannot cancel the offer of such benefits or recognizes relevant restructuring costs, and whichever occurs first is recognized as expense. When the separation benefits are not expected to be fully repaid within 12 months after the report date, they are discounted.

(XVIII) Share-based compensation

Equity-settled share-based payment agreements are recognized as expenses based on the fair value of the provision date and within the receipt period of such compensation, and the relative equity is increased. The expense recognized is adjusted based on the expected compensation amount satisfying the service conditions and the non-market vesting conditions. In addition, the amount finally recognized uses the compensation amount complying with the service conditions and the non-market vesting conditions on the vesting date as the basis for measurement.

The non-vesting conditions of share-based compensation have been reflected in the measurement of the share-based payments and payment date fair value, and it is not required to make verified adjustments for the difference between the expected result and actual result.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

The fair value amount of cash-settled share appreciation rights offered to employees is recognized as expense and the relative liabilities are increased during the period when the employees satisfy the condition for obtaining the compensation. The liabilities are remeasured according to the fair value of the share appreciation rights on each report date and settlement date, and any change thereof is recognized in profit or loss.

The payment date for the share-based payments of the Group refers to the subscription price approved by the board of directors and the date when employees are permitted to subscribe the shares.

(XIX) Income Taxes

Income tax includes both current tax and deferred tax. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Group determined that the supplementary taxes payable under the GloBE-Pillar 2 fall within the scope of IAS 12 “Income Taxes” and has applied the temporary mandatory exemption from the accounting treatment of deferred income taxes related to the supplementary taxes. The supplementary taxes actually incurred are recognized as current income taxes.

Current taxes comprise the expected tax payable or receivable on the taxable income (or loss) for the year and any adjustment to tax payable or receivable in respect of previous years. The amount is measured according to the statutory rate or the substantive legislative rate on the reporting date in order to present the most optimal estimation value of the expected payment or receipt amount.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Temporary differences resulting from the following circumstances shall not be recognized as deferred taxes:

1. An asset or liability recognized initially in a transaction that is not a business combination and that, at the time of the transaction (i) does not affect accounting profit and taxable income (loss) and (ii) does not give rise to equivalent taxable and deductible temporary differences;
2. Temporary differences arising from equity investments in subsidiaries, associates and joint ventures, where the Group is able to control the reversal of the temporary difference and where there is a high probability that such temporary differences will not reverse in the future; and
3. Taxable temporary difference arising from initial recognition of goodwill.

A deferred tax asset shall be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is possible that future taxable profit will be available against which it can be utilized. In addition, such deferred tax assets shall also be reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; or the originally reduced amount is reversed within the scope that it is likely to become sufficient taxable income.

Deferred tax shall be measured at the tax rates that are expected to apply to the period when expected temporary difference is reversed, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax assets and liabilities of the Group are only offset against each other when the following criteria are met:

1. The Group has the legal right to settle tax assets and liabilities on a net basis; and

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

2. The taxing of deferred tax assets and liabilities is related to one of the following taxing authorities of one identical taxation agent for the income tax:
 - (1) Levied by the same taxing authority; or
 - (2) Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities of significant amounts on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation matches with each other.

(XX) Earnings per Share

The consolidated company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of the basic earnings per share of the consolidated company is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding. The calculation of the diluted earnings per share is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after the adjustment of the effects of all dilutive potential ordinary shares.

Potential diluted common shares of the Group include convertible corporate bonds and employee stock options.

(XXI) Segment Information

As parts of the consolidated company, the operating segments embark on business activities which create revenues and incur expenses (including revenues and expenses related to the transactions with other components of the consolidated company). The operating results of all operating segments are reviewed by the main operation decision maker of the consolidated company in order to make decision on the allocation of resource for the segments and to evaluate their performance. Each operating segment is equipped with independent financial information.

V. Major Sources of Uncertainty in Significant Accounting Judgments, Estimates and Assumptions

When preparing the consolidated financial statements, the management is required to make judgments and estimates for the future (including climate-related risks and opportunities). These judgments, estimates, and assumptions may affect the types of accounting policies adopted and amounts of asset, liability, income, and expense reported. Actual results may differ from these estimates.

The management examines its estimates and basic assumptions on an ongoing basis, whether they are consistent to the Group's risk management and climate-related commitments. Changes in estimate are deferred to recognize in the period when the changes take place and in future periods when impacts materialize.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

The following assumptions and uncertainties have major risks that may lead to material adjustments in assets and liability carrying amounts in the next fiscal year, and relevant information is as follows:

(I) Loss allowance for accounts receivable

The loss allowance for accounts receivable of the consolidated company is estimated based on the assumption of the risk of breach and the expected loss rate. The consolidated company considers the historical experience, current market condition and prospective estimation on each reporting date in order to determine the assumption required to be

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

adopted and selection of inputs during the calculation of impairment loss. Changes in the economic and industrial environment may cause material adjustment in the loss allowance for accounts receivable. Please refer to Note 6(3) for detailed descriptions of related assumptions and input values.

(II) Fair value of investment properties

The subsequent measurement of investment property of the Group adopts the discounted cash flow analysis method under the income approach for valuation. The input used in the fair value valuation technique is Level 3.

Valuation process

The accounting policies and disclosures of the consolidated company include the use of fair value to measure its financial, non-financial assets and liabilities. The consolidated company establishes a relevant internal control system for the fair value measurement, and the Financial Department is responsible for verifying all material fair value measurements (including Level 3 fair value) and periodically verifies the material inputs and adjustment that cannot be observed. If the inputs used in the measurement of fair value use external third party information, the Financial Department evaluates the evidence that supports the inputs provided by the third party in order to determine that the valuation and its fair value level classification comply with the requirements of the IFRSs. For the property of the Group, it is assumed that the Group has retained an external appraiser to perform appraisal according to the valuation method and parameters announced by the FSC.

When the Group measures its assets and liabilities, it uses the observable inputs in the market as much as possible. The levels of fair value are classified in the following different levels according to the inputs used in the valuation technique:

- Level 1: Public quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Input parameters other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Input parameters of assets or liabilities not based on the observable market information (non-observable parameters).

In case of any transfer event or condition of fair value among levels, the Group recognizes such transfer at the report date.

Please refer to Note 6(7) Investment Property for relevant information on the assumption used for measurement of fair value.

VI. Description of Material Accounting Items

(I) Cash and cash equivalents

	2024.12.31	2023.12.31
Cash on hand and petty cash	\$ 844	726
Demand deposits	523,564	397,075
Checking accounts	40	40
Time deposits	475,175	160,385
	\$ 999,623	558,226

1. The above-mentioned cash and cash equivalents are not collateralized. The pledged time deposits have been transferred to other financial assets. Please refer to Note 8 for details.
2. Please refer to Note 6 (21) for disclosure of interest rate risk and sensitivity analysis of the Group's financial assets and liabilities.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

(II) Financial assets at fair value through profit or loss

	2024.12.31	2023.12.31
Designated as financial assets at fair value through profit or loss:		
Domestic TWSE/TPex listing shares	\$ 3,963	324
Foreign unlisting shares	24,133	-
Beneficiary certificates	391	-
Simple Agreement for Future Equity (SAFE)	75,827	-
Total	\$ 104,314	324

1. Please refer to Note 6 (20) for the amounts remeasured at fair value and recognized in profit or loss.
2. The above-mentioned financial assets have not been provided as collateral.

(III) Notes and accounts payable (related parties included)

	2024.12.31	2023.12.31
Notes receivable	\$ 18,428	23,884
Accounts receivable	414,472	662,185
Accounts receivable - related parties	3,829	3,077
Less: Allowance for loss	(38,928)	(255,270)
	\$ 397,801	433,876

The Group applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all notes and account receivables. To measure the expected credit losses, the notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including overall economic and relevant industry information. The expected credit loss analysis for notes and accounts receivables of the consolidated company is as follows:

	2024.12.31		
	Carrying amounts of notes receivable and accounts receivable	Weighted average expected credit loss rate	Estimated credit loss during existence of allowances
Not overdue	\$ 353,233	0%~0.56%	1,882
Overdue for less than 90 days	33,504	0%~18.50%	436
Overdue for more than 91 days	49,992	0%~100%	36,610
	\$ 436,729		38,928
	2023.12.31		
	Carrying amounts of notes receivable and accounts receivable	Weighted average expected credit loss rate	Estimated credit loss during existence of allowances
Not overdue	\$ 408,214	0%~0.68%	2,760

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

Overdue for less than 90 days	18,450	0%~21.28%	1,600
Overdue for more than 91 days	262,482	0%~100%	250,910
	<u>\$ 689,146</u>		<u>255,270</u>

The movement in the allowance for impairment with respect to notes and accounts receivable of the Group is as follows:

	<u>2024</u>	<u>2023</u>
Beginning retained earnings	\$ 255,270	255,381
Impairment loss recognized	-	867
Amount written off due to irrecoverability during the year	(195,965)	-
Impairment loss reversed	(21,946)	-
Foreign currency translation gains or losses	1,569	(978)
Balance at end of the period	<u>\$ 38,928</u>	<u>255,270</u>

- The amount written off due to irrecoverability during the year is accounts receivable that are overdue for 90 days or more; mainly from a major customer. The customer purchased optical adhesive products from the Group and sold them to large-scale manufacturers of various types of liquid crystal displays in Shenzhen, China. Due to the impact of the COVID-19 pandemic outbreak on the upstream and downstream supply chain operations, payment of the goods was suspended. In order to protect its own rights and interests, the Group has filed a civil lawsuit with the Intermediate People's Court of Xiamen, China, and made a loss allowance.

The Intermediate People's Court of Xiamen City, China rendered the judgment in favor of the consolidated company on March 23, 2023. That is, the customer was required to repay the original loan plus the interest for overdue payment. The customer was declared bankrupt by the court on August 23, 2022. Therefore, the relevant interest is calculated from the original due date to the date when the bankruptcy takes effect. As of December 31, 2024, the bankruptcy distribution funds had been obtained and the unrecoverable amounts had been written off.

- As of December 31, 2024 and 2023, the notes receivable and accounts receivable of the Group were not pledged for collaterals.

(IV) Inventories

	<u>2024.12.31</u>	<u>2023.12.31</u>
Raw materials and supplies	\$ 42,567	39,973
Work in progress	8,176	12,463
Finished goods	110,735	100,358
Merchandise inventory	12,441	-
	<u>\$ 173,919</u>	<u>152,794</u>

- Below are details of the Group's expenses related to inventories recognized for 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Inventory sale recognition	\$ 2,136,915	1,805,430

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

(Reversal of) write-down of inventories	1,804	(8,962)
	\$ 2,138,719	1,796,468

2. None of the Group's inventory was pledged as collaterals as of December 31, 2024 and 2023.

(V) Investment by the equity method

The investments of the Group accounted for using the equity method at the report date are as follows:

	2024.12.31	2023.12.31
Associate	\$ 58,393	53,727

1. Associate

For associates of the Group using the equity method that are not material, the summary financial information is as follows, and the financial information refers to the amount included in the consolidated financial statements of the Group:

	2024.12.31	2023.12.31
The summary carrying amount at the end of the period for equity of individual non-material associates	\$ 237,683	218,759

	2024	2023
Amount attributable to the Group:		
Net profit for the current period for continuing business units	\$ 2,526	2,051
Other comprehensive income	(234)	(282)
Total comprehensive income	\$ 2,292	1,769

2. Collateral

As of December 31, 2024 and 2023, the investments of the Group using equity method have not been pledged for collaterals.

(VI) Property, plant and equipment

The details of movement of costs, depreciation and impairment losses for property, plant and equipment of the Group during 2024 and 2023 are as below:

	Land	Houses and buildings	Machinery and equipment	Other equipment	Leasehold improvement	Uncompleted projects and equipment to be inspected	Total
Cost or deemed cost:							
Balance on January 1, 2024	\$ 319,648	1,375,883	258,358	81,552	16,518	43,324	2,095,283
Additions	-	8,208	21,825	898	450	13,239	44,620
Disposals and retirements	-	(29,353)	(23,349)	(810)	-	-	(53,512)
Reclassifications	-	37,469	-	-	-	(37,469)	-
Impact of changes in foreign exchange rate	-	-	-	1,540	-	-	1,540
Balance on December 31, 2024	\$ 319,648	1,392,207	256,834	83,180	16,968	19,094	2,087,931
Balance on January 1, 2023	\$ 319,648	1,398,154	951,169	51,225	16,518	55,171	2,791,885

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

Additions	-	1,412	5,987	12,976	-	15,770	36,145
Disposals and retirements	-	(27,675)	(761,202)	(8,560)	-	-	(797,437)
Reclassifications	-	3,992	62,404	26,646	-	(27,617)	65,425
Impact of changes in foreign exchange rate	-	-	-	(735)	-	-	(735)
Balance on December 31, 2023	\$ 319,648	1,375,883	258,358	81,552	16,518	43,324	2,095,283
Depreciation and impairment loss:							
Balance on January 1, 2024	\$ -	723,260	67,610	39,596	16,518	-	846,984
Depreciation	-	68,640	29,517	12,578	215	-	110,950
Disposals and retirements	-	(29,353)	(23,349)	(810)	-	-	(53,512)
Impact of changes in foreign exchange rate	-	-	-	1,065	-	-	1,065
Balance on December 31, 2024	\$ -	762,547	73,778	52,429	16,733	-	905,487
Balance on January 1, 2023	\$ -	682,388	792,746	37,930	16,518	-	1,529,582
Depreciation	-	68,547	36,088	10,771	-	-	115,406
Disposals and retirements	-	(27,675)	(761,224)	(8,560)	-	-	(797,459)
Impact of changes in foreign exchange rate	-	-	-	(545)	-	-	(545)
Balance on December 31, 2023	\$ -	723,260	67,610	39,596	16,518	-	846,984
Carrying value:							
December 31, 2024	\$ 319,648	629,660	183,056	30,751	235	19,094	1,182,444
January 1, 2023	\$ 319,648	715,766	158,423	13,295	-	55,171	1,262,303
December 31, 2023	\$ 319,648	652,623	190,748	41,956	-	43,324	1,248,299

As of December 31, 2024 and 2023, part of the property, plant and equipment has been provided to financial institutions as collaterals. Please refer to Note 8 for details.

(VII) Investment Property

Investment properties are the sel-owned assets held by the Group. Details of changes are as follows:

	Proprietary assets		Total
	Land	Houses and buildings	
Cost or deemed cost:			
Balance on January 1, 2024	\$ 469,576	677,680	1,147,256
Net gain (loss) arising from fair value adjustments	48,812	(47,732)	1,080
End balance on December 31, 2024	\$ 518,388	629,948	1,148,336
Beginning balance on January 1, 2023	\$ 419,368	726,623	1,145,991
Net gain (loss) arising from fair value adjustments	50,208	(48,943)	1,265
Balance on December 31, 2023	\$ 469,576	677,680	1,147,256

The inputs used in the fair value valuation technique for the subsequent measurement of investment property of the Company belongs to Level 3. Please refer to the aforementioned statement of change for details of the adjustment of carrying amounts at the beginning and end of the period for Level 3.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

For the subsequent measurement of investment property of the Group adopting the discounted cash flow analysis method under income approach for valuation, relevant important contract terms and valuation information is as follows:

1. December 31, 2024

The lease of the underlying property was terminated in November 2024, and a tenant was still being recruiting as of December 31, 2024, with no new lease having been established.

<u>Subject property</u>	<u>Land and buildings of three factories in</u>
Important contract terms	1. Rent: NT\$5,867 thousand/ month 2. Lease term: 136 months 3. The total amount of taxes and levies that the lessor will bear each year in the future: NT\$2,771 thousand
Local rent status	NT\$ 130~NT\$ 160/m2/month
Rent status of similar property	NT\$ 140/m2/month
Current condition	Normal use
Past income amount	NT\$ 140/m2/month
Income capitalization rate	5.416%
Discount rate	4.120%
Outsourced or own appraisal	Outsourced appraisal
Appraisal firm	Hua Shin Appraisers Firm
Name of appraiser	Chen-Hsu Chiang, Chih-Ming Cheng
Date of appraisal	2024/9/30
Outsourced appraisal fair value	NT\$ 1,148,336 thousand

2. December 31, 2023

<u>Subject property</u>	<u>Land and buildings of three factories in</u>
Important contract terms	1. Rent: NT\$5,867 thousand/ month 2. Lease term: 136 months 3. The total amount of taxes and levies that the lessor will bear each year in the future: NT\$2,806 thousand
Local rent status	NT\$ 130~NT\$ 160/m2/month
Rent status of similar property	NT\$ 140/m2/month
Current condition	Normal use
Past income amount	NT\$ 140/m2/month
Income capitalization rate	5.467%
Discount rate	4.345%
Outsourced or own appraisal	Outsourced appraisal
Appraisal firm	Hua Shin Appraisers Firm
Name of appraiser	Chen-Hsu Chiang, Chih-Ming Cheng
Date of appraisal	September 30, 2023
Outsourced appraisal fair value	NT\$ 1,147,256 thousand

According to Article 34 of the Technical Rules for Real Estate Valuation, the valuation procedures of the equity method include calculating effective gross income, total expenses, net profit, discount rate and earnings price. The estimation of the

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

aforementioned parameters refers to relevant data of the subject property for appraisal and comparable property with identical or similar characteristics in the most recent three years. Adjustment is made through comprehensive determination of the continuity, stability and growth status in order to confirm the availability and reasonableness of the data. The change status of the income (cash inflow) and expense (cash outflow) of each period is determined based on the past income and expense (cash flow) of the subject property, comparable property income and expense (cash flow) in the same industry or substituting comparable property, idle or loss ratio and present or possible planned income and expense in the future. The objective net income after the deduction of total expense from the total revenue is based on the objective net income of the subject property under the most effective use, and the incomes of similar properties in the neighborhood under the most effective use conditions are used as a reference for the estimation.

The determination of the discount rate adopts the risk premium method, and it considers the factors of the time deposit interest rate of the bank, government bond interest rate, risk of property investment, currency change status and change trend of property price, etc., in order to determine the likely rate of return on the most common investment, thereby adjusting the differences of individual characteristics between the investment and the subject property. The discount rate for this is based on the flexible interest rate of small-amount deposit under the two-year postal time deposit announced by Chunghwa Post Corporation, plus 0.75 percentage point as the base interest rate, 2.470%, while taking the underlying asset's yield, liquidity, risk, appreciation, and management difficulty into account, a risk premium of 1.65% and 2.0% was added as of December 31, 2024 and 2023, respectively, to determine the underlying asset's discount rates as 4.120% and 4.345%, respectively. For estimation of revenue capitalization, after dividing the net profit of the subject property for comparison by the price, the revenue capitalization rate as of December 31, 2022 and 2021 was calculated as 5.416% and 5.467% respectively by weighted average.

The aforementioned fair value valuation technique and material unobservable inputs are explained in the following table:

Fair value valuation technique	Material unobservable inputs	Relationships between material unobservable inputs and fair value measurements
<p>Perform discounted cash flow analysis under income approach for evaluation based on the contract rent provided by the consolidated company during the lease term, and after the lease term expires, the evaluation is performed based on the market rent.</p> <p>Discounted cash flow analysis under income approach: This refers to the net income and value at the end of the period during the</p>	<ul style="list-style-type: none"> • Discount rate after risk adjustment <p>On December 31, 2024 and 2023, the discount rates are 4.120% and 4.345%, respectively.</p>	<p>The estimated fair value will be increased (or decreased) if:</p> <ul style="list-style-type: none"> • Discount rate after risk adjustment decreases (increases).

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

future discounted cash flow of the subject property analysis period, and after discount at appropriate discount rate the sum of the estimated subject property values are added. Such method is applicable to the property investment evaluation for the purpose of investment.		
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For the investment properties of the Group pledged as collaterals as of December 31, 2024 and 2023, please refer to Note 8.

(VIII) Other financial assets (including non-current)

	2024.12.31	2023.12.31
Time deposit- Pledged as collateral	\$ 336,432	63,978
Restricted demand deposit	-	342,000
Accrued rent receivable	-	4,316
Income tax refund receivable	3,477	1,456
Refundable deposits - non-current	8,972	4,845
Others	2,570	44
	\$ 351,451	416,639

Please refer to Note 8 for the other financial assets pledged as collateral.

(IX) Short-term borrowings

Statement of short-term borrowings of the Group is as follows:

	2024.12.31	2023.12.31
Unsecured bank loans	\$ 367,748	132,000
Secured bank loans	333,000	250,000
Total	\$ 700,748	382,000
Unused amount	\$ -	140,000
Interest rate interval	2.21%~2.968%	2.47%~2.67%

Please refer to Note 8 for details of the use of partial assets of the Group as collateral for bank loans.

(X) Long-term loan

Statement, criteria and terms of long-term borrowings of the Group are as follows:

	2024.12.31				Amount
	Currency type	Interest rate interval	Maturity year		
Unsecured bank loans	NTD	2.22%~2.41%	2025~2026	\$	43,250
Secured bank loans	NTD	2.22%~2.59%	2027~2031		1,297,500
					1,340,750
Less: Portion with maturity due in one year					(184,491)
Total					\$ 1,156,259
Unused amount					\$ 200,000

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

	2023.12.31			
	Currency type	Interest rate interval	Maturity year	Amount
Unsecured bank loans	NTD	2.095%~2.29%	2025~2026	\$ 139,125
Secured bank loans	NTD	2.095%~2.67%	2027~2028	<u>1,230,452</u>
				1,369,577
Less: Portion with maturity due in one year				<u>(201,701)</u>
Total				<u>\$ 1,167,876</u>
Unused amount				<u>\$ -</u>

Please refer to Note 8 for details of the use of partial assets of the Group as collateral for bank loans.

(XI) Corporate bonds payable

Information on the consolidated company's issuance of secured convertible bonds is as follows:

	2023.12.31
Total amount of issued convertible bonds	\$ 500,000
Unamortized amount of discount on bonds payable	(1,386)
Less: Portion with maturity due in one year	<u>(498,614)</u>
Ending balance of bonds payable	<u>\$ -</u>
Equity component-conversion right (accounted as capital reserve - stock option)	<u>\$ 12,724</u>

	2024	2023
Interest expense	<u>\$ 1,386</u>	<u>5,817</u>

On March 26, 2021, the Group issued 5,000 three-year secured convertible corporate bonds with coupon rate of 0% and carrying value of NT\$ 100 thousand at an effective interest rate of 1.33%.

At the time of issuance, the conversion price was determined as NT\$ 35.86 per share. Where the consolidated company issued ordinary shares in compliance with the issuance clauses on adjustment of conversion price, the conversion price shall be adjusted as per the formula specified under the issuance clauses. No terms are re-established for these bonds.

In May 2022, the consolidated company handled formalities for capital increase in cash. According to Article 11 of the Rules Governing Domestic Third Issuance and Conversion of Secured Convertible Corporate Bonds, the conversion price shall be adjusted. >From May 23, 2022, the conversion price was adjusted from NT\$ 35.86 to NT\$ 35.57.

The Group decreased its capital in August 2023 to offset its accumulated losses. According to Article 11 of the Third Domestic Secured Convertible Corporate Bond Issuance and Conversion Procedures, the conversion price shall be adjusted. Effective on August 17, 2023, the conversion price was adjusted from NT\$35.57 to NT\$55.29.

The Company has redeemed the above-mentioned corporate bonds on April 8, 2024, at a repayment amount of NT\$500,000 thousand.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

(XII) Operating lease

For the lease on the investment property and a portion of the facilities of the Group, since nearly all of the risks and remunerations associated with the ownership of the underlying asset are not transferred, the lease contracts are classified as operating lease. Please refer to Note 6(7) Investment Property for details.

The due lease payment is analyzed based on the undiscounted lease payment total amount that will be collected after the report date, as described in the following table:

	2023.12.31
Less than one year	\$ 72,762
One to two years	72,762
Two to three years	72,762
Three to four years	72,762
Four to five years	68,133
More than five years	206,730
Undiscounted lease payment total amount	\$ 565,911

The rental income generated from investment properties in 2024 and 2023 was NT\$54,000 thousand and NT\$72,762 thousand respectively.

The original lessee signed a settlement agreement with the Company on November 19, 2024 and completed the lease termination on November 25, 2024. As of December 31, 2024, there was no new tenant for the Group's investment properties.

(XIII) Employee benefits

1. defined benefit plan

The reconciliation of the present value of the Group's defined benefit obligations and the fair value of plan assets is as follows:

	2024.12.31
Present value of defined benefit obligation	\$ 637
Fair value of plan assets	(6)
Net defined benefit liabilities (assets)	\$ 631

The details of the Group's employee benefit liabilities are as below:

	2024.12.31	2023.12.31
Short-term leave with pay liabilities	\$ 8,457	9,070

Contributions for defined benefit plan are made to a dedicated pension fund account opened with Bank of Taiwan. For retirees who opted for the pension scheme mentioned in the Labor Standards Act, the amount of pension benefit is calculated based on average salary for the six months preceding their retirement and the number of basis points accumulated over the duration of their service.

(1) Composition of plan assets

Pension fund contributions that the Consolidated Entity has made in accordance with the Labor Standards Act are collectively managed by the Bureau of Labor Funds (BLF), Ministry of Labor. Pursuant to "Regulations for Revenues, Expenditures,

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

Safeguard and Utilization of the Labor Retirement Fund," plan assets can only be allocated to investments that offer annual yields higher than the 2-year time deposit rate quoted by local banks.

As at the reporting date, balance of the Group's labor pension reserve account held with Bank of Taiwan totaled NT\$6 thousand. Please visit the BLF website for more information such as fund yield and allocation of fund assets.

(2) Changes in present value of defined benefit obligations

The Group's changes in present value of defined benefit obligations for 2024 and 2023 are explained below:

	2024
Defined benefit obligations as at January 1	\$ -
Service cost and interest in the current period	6
Service cost in the current period	631
Defined benefit obligation on December 31	\$ 637

(3) Changes in the present fair value of plan assets

The Group's changes in present fair value of defined benefit plan assets for 2024 are as below:

	2024
Fair value of plan assets on January 1	\$ -
Interest income	-
Amount contributed to the plan	6
Fair value of plan assets on December 31	\$ 6

(4) Expenses recognized as profit and loss

Details of these recognized as expenses by the Group for 2024 are explained below:

	2024
Service cost in the current period	\$ 6
Past service cost	631
	\$ 637
Operating costs	\$ 637

(5) Actuarial assumptions

Key actuarial assumptions that the Consolidated Entity had made to determine the present value of defined benefit obligations as at the reporting date are as follows:

	2024.12.31
Discount rate	1.75%
Future salary increase rate	2.00%

The Group expects to contribute NT\$76 thousand to the defined benefit plan within

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

one year from the 2024 reporting date.

The defined benefit plan has a weighted average duration of 24 years.

(6) Sensitivity analysis

The following shows impact of changes in actuarial assumption on the present value of defined benefit obligations as at December 31, 2024

	Impact on defined benefit obligations	
	Increased by 0.25%	Decreased by 0.25%
December 31, 2024		
Discount rate	\$ (37)	39
Future salary increase	39	(36)

The above sensitivity analysis assumes changes to one variable at a time while keeping all other variables constant. In reality, however, multiple assumptions may change at the same time and are related to each other. The sensitivity analysis was conducted using the same method as how net pension liabilities are presented in the balance sheet.

2. Defined contribution plans

According to the defined contribution plan of the consolidated company, 6.00% and 19.00% shall be appropriated from the labor workers' monthly salaries to their individual pension accounts as specified by the Rules on Labor Workers' Pensions, Chinese basic endowment insurance laws and regulations. Under this defined contribution plan, the Group contributes a fixed amount to the Bureau of the Labor Insurance and the Social Insurance Bureau without additional legal or constructive obligations.

The pension expense confirmed and appropriated by the consolidated company according to the pension regulations and the retirement premium recognized under each subsidiary of the consolidated financial statements are as follows:

	2024	2023
Operating costs	\$ 7,611	8,550
Selling and marketing expenses	1,155	1,194
Administrative expenses	2,569	2,523
Research and development expenses	2,000	1,980
	\$ 13,335	14,247

(XIV) Income Taxes

1. Below are details of the Group's income tax expenses for 2024 and 2023:

	2024	2023
Current tax expenses		
Incurred during the period	\$ 2	-
Deferred tax expenses		
The occurrence and incurrence of the temporary differences	2,052	-
Current tax expenses	\$ 2,054	-

2. The Group's reconciliation of income tax expense and net loss before tax for 2024 and

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

2023:

	2024	2023
Loss before tax	\$ (238,705)	(117,836)
Income tax calculated according to the domestic tax rate of the country of the Company	(47,741)	(23,567)
Permanent differences	1,134	-
Effect of foreign jurisdiction tax rate differences	(2,580)	(611)
Change of unrecognized deductible temporary differences	51,241	24,178
	\$ 2,054	-

3. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

The items not recognized as deferred tax assets by the Group are as follows:

	2024.12.31	2023.12.31
Deductible temporary differences	\$ 3,705	41,709
Tax loss	1,089,270	1,234,338
	\$ 1,092,975	1,276,047

Regarding tax losses, according to the provisions of the Income Tax Act specifying that losses of the past ten years approved by the taxation authority may be deducted from the net profit of the current year, followed by the payment of the income tax. These items are not recognized as deferred tax assets because it is not very probable that the Group will have sufficient future taxable income to use the temporary differences.

As at December 31, 2024, the tax losses that were not recognized as deferred income tax asset by the Group, can be deducted until the following dates :

Year with loss	Non-deducted loss	Final year for deduction
Approved value for 2015	\$ 1,073,944	2025
Approved value for 2016	457,378	2026
Approved value for 2017	1,862,692	2027
Approved value for 2018	337,430	2028
Approved value for 2019	346,172	2029
Approved value for 2020	254,791	2030
Approved value for 2021	245,323	2031
Amount assessed of 2022	464,316	2032
Amount reported of 2023	194,362	2033
Amount expected of 2024	209,940	2034
	\$ 5,446,348	

(2) Recognized deferred income tax assets and liabilities

Below are changes in the Group's income tax assets and liabilities for 2024 and 2023:

Deferred tax assets:

	Loss deduction
January 1, 2024	\$ 8,617

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

Recognized in income statement	3,849
December 31, 2024	\$ 12,466
January 1, 2023	\$ 5,037
Recognized in income statement	3,580
December 31, 2023	\$ 8,617

Deferred income tax liabilities:

	Unrealized exchange gains	Investment Property	Total
January 1, 2024	\$ -	57,425	57,425
Recognized as profit or loss	2,051	3,850	5,901
December 31, 2024	\$ 2,051	61,275	63,326
January 1, 2023	\$ -	53,846	53,846
Recognized as profit or loss	-	3,579	3,579
December 31, 2023	\$ -	57,425	57,425

4. The Company's profit-seeking enterprise income tax returns have been assessed by the tax authority up till 2022.

(XV) Capital and other equity

1. Ordinary share

As of December 31, 2024 and 2023, the total authorized capital of the Company was NT\$5,000,000 thousand, with a par value of NT\$10 per share and 500,000 thousand shares. All shares concerned in the foregoing authorized share capital were ordinary shares, and 186,234 thousand and 144,330 thousand shares were issued respectively. All proceeds from shares issued have been collected.

On March 5, 2024, the Board of Directors resolved to issue new shares for cash capital increase. The proposed issuance of 40,000 thousand common shares was approved by the Financial Supervisory Commission on April 24, 2024, and the Board of Directors authorized the Chairperson to determine the issue price to be NT\$19.6, with a total issue price of NT\$784,000 thousand. June 19, 2024 was the base date for the capital increase, and the statutory registration procedures were completed on July 17 of the same year. In addition, the Company reserves 10% of the new shares issued in the capital increase for employee subscription in accordance with Article 267 of the Company Act, and recognizes the compensation costs of NT\$21,600 thousand on the grant date.

On June 21, 2023, the Company, upon the resolution of the shareholders' meeting, decrease the capital to offset losses. The amount of capital decrease was NT\$800,000 thousand, and 80,000 thousand issued shares were cancelled, with a capital decrease ratio of 35.68%. The Financial Supervisory Commission approved the filing and took effect on August 9, 2023. August 17, 2023 was set as the base date for capital decrease. The change registration has been completed with the Ministry of Economic Affairs.

The Company's employees exercised 1,628 thousand employee warrants in 2024, of which 585 thousand shares, 350 thousand shares, and 693 thousand shares were

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

completed with the change registrations on June 6, October 4, and November 26, 2024, respectively.

2. Capital surplus

The capital surplus balance content of the Company is as follows:

	2024.12.31	2023.12.31
Share premium	\$ 408,883	3,258
Share-based Payment	15,083	6,632
Convertible corporate bonds	12,724	12,724
	\$ 436,690	22,614

In accordance with the Company Act, after having first offset losses using capital surplus, the realized capital surplus can be used to issue new shares or cash dividends according to the original percentage of shares of shareholders. The aforementioned realized capital surplus includes share premiums from the outstanding shares issued at a price above the par value and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to increase share capital shall not exceed 10% of the paid-in capital amount.

On May 27, 2024 and June 21, 2023, the Company, upon the resolution of the shareholders' meeting, to offset the losses in 2023 and 2022, by using capital reserves of NT\$578 thousand and NT\$176,915 thousand, respectively. Relevant information can be found at the MOPS and other channels.

3. Retained earnings

According to the Company's Articles of Incorporation, the Company's surplus distribution or loss allowance may be made after the end of each half of the fiscal year. If there is a surplus in the final accounts for each half of the fiscal year, the Company shall first pay off taxes, make up for accumulated losses, estimate and reserve employee compensation, and then set aside 10% as legal reserve. However, this provision shall not apply if the statutory surplus reserve has reached the total capital of the Company. Meanwhile, the special reserve shall be allocated or reverse according to the laws and regulations or the competent authority's regulations. If there is any surplus, the balance plus the accumulated undistributed earnings in the first half of the fiscal year shall be distributed as the shareholder dividends subject to the distribution plan proposed by the Board of Directors. If the dividends are distributed in the form of new shares, the distribution shall be subject to the resolution of a shareholders' meeting, while if they are distributed in cash, the distribution shall be subject to the resolution of the Board of Directors.

If there is a surplus in the Company's annual final accounts, the Company shall first pay off the taxes, make up for the accumulated losses and allocate 10% as statutory surplus reserve. However, this provision shall not apply if the statutory surplus reserve has reached the total capital of the Company. Meanwhile, the special reserve shall be allocated or reverse according to the laws and regulations or the competent authority's regulations. If there is any surplus, the balance plus the accumulated undistributed earnings in the first half of the fiscal year shall be distributed as the shareholder dividends subject to the distribution plan proposed by the Board of Directors. If the dividends are distributed in the form of new shares, the distribution shall be subject to the resolution of a shareholders' meeting.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

If the Company intends to distribute all or part of the dividends, bonuses, statutory surplus reserve or capital reserve in cash, the proposal shall be authorized by a board of directors meeting with over 2/3 of the entire board members attending and approval of over half of those present at the meeting and then submit the proposal to the shareholders' meeting for resolution.

The Company is currently in a growing phase, and will strive for business development and expansion in the future. The Company's surplus distribution shall be made based on its future capital expenditure budget and capital needs. However, the distribution of shareholders' dividends shall not be less than 20% of the lower value of the earnings after tax or distributable earnings of the current period. Among the dividends distributed in the current year, the cash dividends shall not be less than 50%.

(1) Statutory reserves

When a company incurs no loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or cash; however, it shall be limited to the portion of legal reserve exceeding 25% of the issued share capital.

(2) Earning distribution

On May 27, 2024, and on June 21, 2023, the Company, upon the resolutions of the shareholders' meetings, offset the losses of 2023 and 2022. Relevant information can be found at the MOPS and other channels.

The Company had accumulated losses as of June 30, 2024 and 2023, and therefore it did not intend to distribute earnings for the first half of 2024 and 2023.

4. Other equity (net after tax)

	Difference in exchange from the conversion of financial statements of overseas operating entities	Revalued amount of property	Total
Balance on January 1, 2024	\$ 165,980	312,687	478,667
Exchange differences arising form the translation of net assets of foreign operations	5,716	-	5,716
Share of translation difference of associates accounted for using the equity method	(234)	-	(234)
Balance on December 31, 2024	\$ 171,462	312,687	484,149
Balance on January 1, 2023	\$ 167,361	312,687	480,048
Exchange differences arising form the translation of net assets of foreign operations	(1,099)	-	(1,099)
Share of translation difference of associates accounted for using the equity method	(282)	-	(282)
Balance on December 31, 2023	\$ 165,980	312,687	478,667

(XVI) Share-based Payment

1. As of December 31, 2024 and 2023, the Company had the following share-based

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

payment transactions:

	Equity transactions
	Employee stock option
Type	
Grant date	2020-09-17
Grant quantity (thousand/unit)	3,000
Contract period	4 years
Vesting conditions	Immediate vesting
Actual turnover rate of current period	0%
Estimated turnover rate for the future	0%

On August 21, 2020, the Company issued employee stock options as resolved by the Board of Directors, and a total of 3,000 thousand ordinary shares. The closing price of the Company's ordinary shares on the issue date was determined as the subscription price. The employee stock options were issued within one year after the competent authority's notice regarding declaration effectiveness expired, once or twice dependent upon the actual needs. The aforementioned issued employee stock options took effect on September 16, 2020 after declaration to the Securities and Futures Bureau, Financial Supervisory Commission. On September 17, 2020, all the employee stock options were issued as resolved by the Board of Directors at fair value of NT\$ 10.4 on the grant date. On May 23, 2022, capital was increased, and the fair value was adjusted as NT\$ 10.3. For the capital decrease to offset losses on August 17, 2023, the fair value was adjusted to NT\$16.0.

For the cash capital increase on June 19, 2024, the fair value was adjusted to NT\$15.2.

Except that subscribers shall comply with the transfer suspension period of two years after the grant of employee stock options according to the law, the accumulated exercisable subscription rights ratio is as follows:

Stock warrants grant period	2020
Matured for two years	60%
Matured for three years	100%

2. Parameters for measuring fair value on the grant date

The Company estimated the fair value of the share-based payments on the grant date with Black-Scholes option evaluation mode. The inputs of this mode are as follows:

	2020
Dividend rate (Note)	-%
Expected volatility (%)	45.77%
Expected life of stock options (years)	4 years
Risk-free interest rate (%)	0.2916%

Note: According to the Company's 2020 measures for issuing employee stock options, the subscription price was adjusted to the same extent with the distributed dividends (anti-dilution price adjustment), so it was not taken into account in calculation.

3. The detailed information of the above-mentioned employee warrant certificates is as

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

follows:

	2024		2023	
	Weighted average strike price (NT\$)	Number of stock options (thousand)	Weighted average strike price (NT\$)	Number of stock options (thousand)
Outstanding on January 1	\$ 16.00	1,788	10.30	2,208
Loss quantity of current period	15.20	(160)	-	-
Quantity exercised in the period (before capital increase)	16.00	(735)	-	-
Quantity exercised in the period (after capital increase)	15.20	(893)	-	-
Execution quantity in the current period (before capital reduction)	-	-	10.30	(144)
Execution quantity in the current period (after capital reduction)	-	-	16.00	(276)
Outstanding on December 31	<u>\$ -</u>	<u>-</u>	<u>10.30</u>	<u>1,788</u>

The information on the outstanding warrants of the Company as of December 31, 2024 and 2023 is as follows:

	2024.12.31	2023.12.31
Exercise price interval	15.20~16.00	10.30 ~ 16.00
Weighted-average remaining contractual life (years)	-	0.75

4. Employee expenses

Below are details of the Group's expenses generated from the share-based payment for 2024 and 2023:

	2024	2023
Expenses arising from employee stock options	<u>\$ -</u>	<u>1,052</u>

(XVII) Losses per share

	2024	2023
Basic loss per share		
Loss attributable to common shareholders of the Company	<u>\$ (240,759)</u>	<u>(117,836)</u>
Weighted average number of outstanding ordinary shares	<u>166,483</u>	<u>144,280</u>

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

Taiwan	\$ 446,491	224,927	48,978	720,396
Mainland China	28,483	-	654,207	682,690
United States	62,538	-	306,364	368,902
Others	65,802	-	21,251	87,053
	\$ 603,314	224,927	1,030,800	1,859,041

Main products:

Photoelectric glass	\$ 603,314	-	-	603,314
Green building glass	-	224,927	-	224,927
Others	-	-	1,030,800	1,030,800
	\$ 603,314	224,927	1,030,800	1,859,041

2. Balance of contract

	<u>2024.12.31</u>	<u>2023.12.31</u>	<u>2023.1.1</u>
Notes and accounts receivable (including related parties)	\$ 436,729	689,146	718,576
Less: Allowance for loss	(38,928)	(255,270)	(255,381)
Total	\$ 397,801	433,876	463,195
Contract liabilities	\$ 16,107	5,582	13,518

Please refer to Note 6 (3) for disclosure of notes and accounts receivable and their impairment losses.

The amounts of contract liabilities on January 1, 2024 and 2023 recognized as revenues in 2024 and 2023 were NT\$5,582 thousand and NT\$12,391 thousand, respectively.

(XX) Non-operating income and expense

1. Interest income

Statement of interest income of the Group is as follows:

	<u>2024</u>	<u>2023</u>
Interest income	\$ 20,407	13,234

2. Other gains and losses

Statement of other gains and losses of the Group is as follows:

	<u>2024</u>	<u>2023</u>
Foreign currency exchange gains	\$ 29,933	(154)
Gains from disposal of and scrapping property, plant and equipment	-	2,022
Gain on fair value adjustment of investment property	1,080	1,265
Net loss from financial assets and liabilities at fair value through profit or loss:	(10,625)	(1,130)
Rental income	57,885	78,617
Other income	4,982	40,396
Other expenses	(9,421)	(4,433)
	\$ 73,834	116,583

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

3. Financial costs

Statement of financial costs of the consolidated company is as follows:

	2024	2023
Interest expense		
Bank borrowings	\$ 43,262	44,490
Corporate bonds payable	1,386	5,817
Others	1,711	158
	\$ 46,359	50,465

(XXI) Financial Instruments

1. Credit risk

The main potential credit risk of the Group comes from the financial commodities of cash and cash equivalents and accounts receivable. The cash of the consolidated company is deposited at different financial institutions. The consolidated company controls the credit risk of each financial institution exposed, and believes that there is no likelihood of obvious concentration of material credit risk in the cash and cash equivalents of the consolidated company.

Customers of the Group are concentrated in the optoelectronics industry, and to reduce accounts receivable credit risk, the Group continues to evaluate the financial status of customers, and periodically evaluates the feasibility of recovery of accounts receivable and appropriates allowance for doubtful accounts. As of December 31, 2024 and 2023, these customers accounted for 11% and 23% of the Group's accounts receivable, respectively, resulting in a significant concentration of credit risk for the Group.

(1) Credit risk of accounts receivable and debt securities

Please refer to Note 6 (3) for more information on credit risk exposure of notes receivable and accounts receivable. Other financial assets measured at amortized cost include other accounts receivable and time deposit certificates.

The aforementioned financial assets refer to financial assets with low credit risk; therefore, the allowance for losses for such periods is measured according to the 12-month expected credit loss amount (please refer to Note 4(7) for details on how the Group makes the judgment on credit risk).

The changes in loss allowance in 2024 and 2023 are as follows:

	Other receivables
Balance on January 1, 2024	\$ 980
Impairment loss reversed	(343)
Impact of changes in foreign exchange rate	9
Balance on December 31, 2024	\$ 646
Balance on January 1, 2023	\$ 986
Impact of changes in foreign exchange rate	(6)
Balance on December 31, 2023	\$ 980

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

2. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying amount	contractual cash flows	Less than 1 year	1-3 years	3-5 years	Over 5 years
December 31, 2024						
Non-derivative financial liabilities						
Secured bank loans	\$ 1,630,500	1,722,474	524,610	722,443	475,421	-
Unsecured bank loans	410,998	416,829	401,045	15,784	-	-
Notes and accounts payable (including related parties)	397,152	397,152	397,152	-	-	-
Other payables	84,068	84,068	84,068	-	-	-
Payables on equipment	6,921	6,921	6,921	-	-	-
Lease liabilities (current and non-current)	78,333	87,344	31,630	51,343	4,371	-
	\$ 2,607,972	2,714,788	1,445,426	789,570	479,792	-
December 31, 2023						
Non-derivative financial liabilities						
Secured bank loans	\$ 1,480,452	1,580,117	425,264	359,948	794,905	-
Unsecured bank loans	271,125	275,830	191,966	83,864	-	-
Convertible corporate bonds	498,614	500,000	500,000	-	-	-
Notes and accounts payable (including related parties)	300,190	300,190	300,190	-	-	-
Other payables	83,885	83,885	83,885	-	-	-
Payables on equipment	2,133	2,133	2,133	-	-	-
Lease liabilities (current and non-current)	1,676	1,709	1,034	675	-	-
	\$ 2,638,075	2,743,864	1,504,472	444,487	794,905	-

The Group does not expect that the timing of the occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, or that the actual cash flow amount will be significantly different.

3. Exchange rate risk

(1) Exchange rate risk

The consolidated company's financial assets and liabilities exposed to significant exchange rate risk are as follows:

	2024.12.31			2023.12.31		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial asset</u>						
<u>Monetary items</u>						
USD : NTD	\$ 21,682	32.79	710,854	20,975	30.71	644,039
USD: VND	500	25,814.96	16,392	-	-	-
EUR : NTD	6	34.14	214	14	33.98	476
JPY : NTD	16,938	0.2099	3,555	7,427	0.2172	1,613
<u>Non-monetary items</u>						
USD : NTD	1,781	32.79	58,393	1,750	30.71	53,727
<u>Financial liability</u>						
<u>Monetary items</u>						
USD : NTD	9,785	32.79	320,788	7,531	30.71	231,237

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

(2) Sensitivity analysis

The consolidated company's exposure to foreign currency risk mainly comes from cash and cash equivalents, accounts receivable, loans and borrowings, and accounts payable that are denominated in foreign currencies, and foreign exchange gain or loss occurs during the translation. On December 31, 2024 and 2023, when the New Taiwan Dollar depreciated or appreciated by 1% against the USD, VND, EUR and JPY, and all other factors remained unchanged, the net profit after tax for 2024 and 2023 increased or decreased by NT\$3,282 thousand and NT\$3,319 thousand, respectively. The analysis for the two periods adopted the same basis.

(3) Exchange gains and losses on monetary items

The information on the amount of exchange gain or loss (including realized and unrealized) of monetary items of the Group translated to the functional currency of NTD (i.e. the presentation currency of the Company) is as follows:

	2024		2023	
	Exchange gain (loss)	Average exchange rate	Exchange gain (loss)	Average exchange rate
TWD	\$ 29,933	32.17	(154)	31.12

4. Interest rate analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the consolidated company's financial assets and liabilities.

The sensitivity analyses below were determined based on the exposure to interest rates for non-derivative instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the report date was outstanding throughout the year. The interest rate increased or decreased by 1% when the consolidated company internally reported the interest rate to the main management. This represented the evaluation of the reasonable change range of the interest rate by the management.

If the interest rate increases or decreases by 1%, with all other variables remaining unchanged, the net loss before tax of the Group in 2024 and 2023 will decrease or increase by NT\$10,427 thousand and NT\$11,941 thousand, respectively. This is mainly due to the Group's variable interest rate demand deposits, time deposits and loans.

5. Information on fair value

(1) Types and fair values of financial instruments

The financial assets at fair price through profit or loss of the consolidated are measured at fair price based on the repetitiveness. The information on the carrying amount and fair value of various financial assets and financial liabilities (including fair value and level information; however, for the carrying amount of financial instruments not measured at fair value as the reasonable close value of fair value, and lease liabilities, their fair values are not required to be disclosed according to the regulations) is as follows:

Carrying amount	2024.12.31			
	Fair value			
	Level 1	Level 2	Level 3	Total

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

Financial assets at fair value through profit or loss						
Domestic TWSE/TPex listing shares	\$	3,963	3,963	-	-	3,963
Foreign unlisting shares		24,133	-	-	24,133	24,133
Beneficiary certificates		391	391	-	-	391
SAFE		75,827	-	-	75,827	75,827
Subtotal		<u>104,314</u>	<u>4,354</u>	<u>-</u>	<u>99,960</u>	<u>104,314</u>
Financial assets at amortized cost						
Cash and cash equivalents		999,623	-	-	-	-
Notes and accounts receivable (including related parties)		397,801	-	-	-	-
Other financial assets - (current and non-current)		<u>351,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal		<u>1,748,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$	<u>1,853,189</u>	<u>4,354</u>	<u>-</u>	<u>99,960</u>	<u>104,314</u>
Financial liabilities measured at amortized cost						
Short-term borrowings	\$	700,748	-	-	-	-
Notes and accounts payable (including related parties)		397,152	-	-	-	-
Other payables		84,068	-	-	-	-
Payables on equipment		6,921	-	-	-	-
Lease liabilities (current and non-current)		78,333	-	-	-	-
Long-term borrowings (including the portion with maturity in one year)		<u>1,153,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$	<u>2,421,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2023.12.31						
		Fair value				
	Carrying amount	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit or loss						
TWSE/TPEx-list company stocks	\$	324	324	-	-	324
Financial assets at amortized cost						
Cash and cash equivalents		558,226	-	-	-	-
Notes and accounts receivable (including related parties)		433,876	-	-	-	-
Other financial assets - (current and non-current)		<u>416,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal		<u>1,408,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$	<u>1,409,065</u>	<u>324</u>	<u>-</u>	<u>-</u>	<u>324</u>
Financial liabilities measured at amortized cost						
Short-term borrowings	\$	382,000	-	-	-	-
Notes and accounts payable (including related parties)		300,190	-	-	-	-
Other payables		83,885	-	-	-	-

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

Payables on equipment	2,133	-	-	-	-
Lease liabilities (current and non-current)	1,676	-	-	-	-
Corporate bonds payable (including the portion with maturity in one year)	498,614	-	-	-	-
Long-term borrowings (including the portion with maturity in one year)	1,369,577	-	-	-	-
Total	\$ 2,638,075	-	-	-	-

(2) Fair value valuation techniques for financial instruments not measured at fair value

The methods and assumptions the consolidated company adopted to estimate the instruments not measured at fair value are as follows:

(2.1) Financial assets at amortized cost

Financial instruments that are openly quoted in an active market will have fair value determined at the openly quoted price. If no market price to be referred to, the estimates by valuation methods or the counterparty's quotation is adopted.

(2.2) Financial liabilities measured at amortized cost

If there is transaction or quote information from a market maker, then the latest transaction price and quote information are used as the basis for the evaluation of the fair value. If no market price is available for reference, then a valuation method is used for estimation. The estimation and assumption adopted for the valuation method refers to the discounted value of the cash flow estimated fair value.

(3) Fair value valuation techniques for financial instruments measured at fair value

(3.1) Non-derivative instruments

When a financial instrument has an active market open quote, then the open quote of the active market is used for the fair value. For the market price of the main exchange and announced by the exchange center of the central government determined to be on-the-run securities, the publicly listed equity instruments and debt instruments with an active market open quote are determined to have a basis for fair value.

If an open quote of a financial instrument can be timely and frequently obtained from an exchange, broker, underwriter, industry association, pricing service institution or competent authority, and the price represents an actual and frequently occurring fair market transaction, then the financial instrument has an active market open quote. If the aforementioned criteria are not met, then the market is deemed to be inactive. In general, when the bid-ask spread is great, and the bid-ask spread obviously increases or the trading volume is small, then it serves as indicators of an inactive market.

Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. Fair value by valuation technique may be obtained by making reference to the prevailing fair value of financial instruments that share similar terms and characteristics or using valuation techniques such as the discounted cash flow method in conjunction with

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

The quantified information of fair value measurement for the material unobservable inputs is listed below:

<u>Item</u>	<u>Valuation technique</u>	<u>Material unobservable inputs</u>	<u>Relationship between the material unobservable inputs and fair value measurement</u>
Financial assets at fair value through profit or loss - investment in the equity instrument without active market	Comparable company method	<ul style="list-style-type: none"> • Equity-to-book ratio multiplier (3.57 times on December 31, 2024) • Discount due to lack of market liquidity (30% on December 31, 2024) 	<ul style="list-style-type: none"> • The higher the multiplier, the higher the fair value. • The higher the discount due to lack of market liquidity, the lower the fair value
Financial assets at fair value through profit or loss - SAFE	Binary Tree Model	<ul style="list-style-type: none"> • Volatility (56.09% on December 31, 2024) 	<ul style="list-style-type: none"> • The higher the volatility, the lower the fair value

(7) Sensitivity analysis of fair value to reasonably possible alternative assumptions for Level 3 fair value measurements

The fair value measurements of the Group's financial instruments are deemed reasonable, but the use of different valuation models or valuation parameters may lead to different valuation results. For financial instruments classified as Level 3, if the valuation parameters change, the impact on the profit or loss of the current period or other comprehensive income is as follows:

	<u>inputs</u>	<u>Change upward or downward</u>	<u>Changes in fair value reflected in current profit or loss</u>		<u>Changes in fair value reflected in other comprehensive income</u>		
			<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	
December 31, 2024							
Financial assets at fair value through profit or loss							
Investment in the equity instrument without active market	Equity-to-Net-Value Multiplier	±5%	\$ 1,207	(1,207)	-	-	
Investment in the equity instrument without active market	Liquidity discount	±5%	1,724	(1,724)	-	-	
SAFE	Volatility	±5%	32	(55)	-	-	

Favorable and adverse changes of the Group represent fluctuations in fair value, which is calculated using valuation techniques based on input parameters that are unobservable to varying degrees. If the fair value of a financial instrument is affected by more than one input, the table above only reflects the impact of changes in a single input and without considering the correlation and variability between the inputs.

(XXII) Financial risk management

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

1. Summary

The consolidated company is exposed to the following risks arising from the use of financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

This note discloses information about the consolidated company's exposure to the aforementioned risks, and its goals, policies and procedures with regard to the consolidated company's measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the consolidated financial statements.

2. Architecture of risk management

The Board of Directors is fully responsible for the establishment and oversight of the risk management framework of the consolidated company. For the Board of Directors, the Chairman Office is responsible for the development and control of the financial risk management policies of the consolidated company and to provide reports on the operation thereof to the Board of Directors periodically.

The establishment of the financial risk management policy of the consolidated company is to identify and analyze the financial risk faced by the consolidated company, and to set up appropriate financial risk limits and control, as well as to monitor risk and risk limit compliance. The financial risk management policy is reviewed periodically to reflect market conditions and changes in the operation of the consolidated company. The Group, through training, management standards and operation procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Group oversees how the Group's financial risk management policies and procedures are complied with, and reviews the appropriateness of the Group's financial risk management architecture in relation to the risks it faces. The internal auditing personnel of the consolidated company provides assistance to the board of directors of the consolidated company to perform their role of supervision. Such personnel undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results thereof are reported to the board of directors.

3. Credit risk

Credit risk refers to the risk of financial loss of the consolidated company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the consolidated company's receivables from customers' notes and accounts as well as bank deposits.

(1) Accounts receivable and other receivables

The credit risk exposure of the consolidated company is mainly affected by the individual condition of each customer. However, the management considers the basic statistical data of customers of the consolidated company, including the industry of customers and country default risk since such factors may affect the credit risk.

The consolidated company has established a credit policy, and according to such policy, before the consolidated company makes standard payment and delivery terms, it is necessary to analyze the credit rating of each new customer

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

individually.

The consolidated company has set up an allowance for bad debt account to reflect the estimated losses arising from notes receivable and others receivable as well as investments. The allowance for debt account mainly consists of a specific loss component relating to individually significant exposure, and a combinational loss component established for losses already occurred but not yet identified in similar asset groups. The combinational loss account allowance account is determined based on the statistical data of past payments of similar financial assets.

(2) Investment

The credit risk of bank deposits and other financial instruments are measured and monitored by the financial department of the consolidated company. Since the transaction counterparties and the contract performance parties of the Group are banks with excellent credit standing, there are no non-compliance issues; therefore, there is no significant credit risk.

(3) Guarantee

The Group's policy is executed in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. As of December 31, 2024 and 2023, the Group had not provided any endorsement and guarantees.

4. Liquidity risk

Liquidity risk refers to the risk that the consolidated company is unable to deliver cash or other financial assets for repayment of financial debts, and the risk of failure to perform relevant obligations. The consolidated company's liquidity management method is to ensure that under general conditions and conditions of pressure, the consolidated company is still able to have sufficient working capital capable of paying liabilities that are due for payment, such that unacceptable loss would not occur or the risk of the reputation of the consolidated company being damaged would not occur.

The unused borrowing facilities of the Group as of December 31, 2024 and 2023 was NT\$200,000 thousand and NT\$140,000 thousand, respectively.

5. Market risk

Market risk refers to the risk in the change of market prices, such as foreign exchange rates and interest rates, affecting the consolidated company's income or the value of holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within an acceptable range, and to optimize investment returns.

To manage market risks, the consolidated company engages in derivative instrument transactions and also generates financial assets and liabilities accordingly. The all transactions were executed in accordance with the instructions of the board of directors.

(1) Exchange rate risk

The consolidated company is exposed to currency risk on transactions of sales, purchases and loans that are denominated in a currency other than the respective functional currencies of the consolidated company. The functional currencies of the consolidated company are mainly NTD and USD. The main pricing currency for such transactions is NTD and USD.

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

In addition, based on the principle of natural hedging, the consolidated company performs hedging according to the capital demand of each currency and the net position with respect to the market exchange condition.

(2) Interest rate risk

The Group's policy is to ensure that the loan interest rate change risk exposure is evaluated according to the international economic status and market interest rates.

(XXIII) Capital management

The Group's capital management objective is to safeguard the Group's ability to continue as a going concern in order to continue to provide returns for shareholders and interests of other stakeholders, as well as to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated company may adjust the amount of dividends paid to shareholders, execute capital reduction to return share capital to shareholders, issue new shares or sell assets in order to repay debts.

The consolidated company, similar to others in the same industry, uses the debt-to-capital ratio as the basis for capital control and monitoring. Such ratio is calculated by dividing the net liabilities by the total capital. The net liabilities refer to the total liabilities indicated on the balance sheet less cash and cash equivalents. Total capital refers to all components (i.e. share capital, capital surplus, retained earnings and other equity) of equity plus net liabilities.

The capital management strategy for the Group in 2024 was committed to ensuring that the Group can obtain financing at a reasonable cost. Debt-to-capital ratio at report date is as follows:

	2024.12.31	2023.12.31
Total liabilities	\$ 2,714,484	2,735,136
Less: Cash and cash equivalent	(999,623)	(558,226)
Net liabilities	1,714,861	2,176,910
Total equity	1,961,850	1,366,193
Capital after adjustment	\$ 3,676,711	3,543,103
Debt-to-capital ratio	46.64%	61.44%

The Group increased its capital in cash in 2024 to repay loans and replenish funds, resulting in a decrease in its debt-to-equity ratio.

(XXIV) Non-cash investment and financing activities

The non-cash transaction investment activities of the Group in 2024 and 2023 are as follows:

	2024	2023
Purchase of property, plant and equipment in the current period	\$ 44,620	36,145
Add: Equipment and construction payables at beginning of the period	2,133	4,977
Less: Equipment and construction payables at end of the period	(6,921)	(2,133)
Add: Impact of changes in foreign exchange rate	18	(8)

**Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial
Statements (continued)**

\$ 39,850 38,981

(XXV) To enhance financial planning

Due to rapid changes in the industry, the Group has suffered continuous losses in recent years, and the management of the Group has consecutively adopted the following measures in order to ensure the operation of the Group and to improve the financial structure and cash flow in a positive direction. In response to these circumstances, the consolidated company plans to adopt the following plans:

1. Operating aspect

- (1) Actively combining various core technical developments for integrated applications in order to satisfy high customization demands and new technologies for terminal products, and continuing to enhance and adjust market order acceptance capability, thereby strengthening and expanding the market while satisfying customer demands and enhancing the foundation to improve the market share.
- (2) Extending the diverse operations of industrial on-board vehicle control and smart building related industries, reducing reliance on consumer electronics and continuing to develop new products and adjusting market position, in order to acquire sales of niche products.
- (3) To expand customer base and extend core capability-related product applications, and achieve goals of speed, service, cost and quality.
- (4) Promotion plan for glass processing products
 - (a) E-beam vapor deposition technology combined with ion-assisted deposition technology for precise optical thin film quality.
 - (b) Design, development and promotion of thermoforming of multi-curved glass for automotive displays, interior trims, etc.
 - (c) Application and promotion of electrochromic curtain glass.
- (5) In terms of energy-saving and carbon reduction policies, in addition to replacement with energy-saving equipment, we also make planned production schedules for high-energy-consuming production equipment to control electricity expenses.

2. Management aspect

- (1) To implement the policy of streamlining the organizational structure and make full use of the advantages of outsourcing to strictly control cost expenditure.
- (2) To improve production management efficiency, reduce material loss, strictly control inventory management, and reduce sluggish losses.
- (3) Improving the accuracy of sales forecasts, rigorously controlling raw material purchases, enhancing the flexibility of capital use, improving efficiency and reducing operating costs.
- (4) To accelerate the introduction of second source materials to effectively control and reduce material costs.
- (5) To strictly control the review of expense and expenditure, to reduce expense and expenditure and unnecessary waste.
- (6) In the future, the focus will be on the introduction of new technologies or manufacturing processes, and the necessary capital expense for improving machinery and equipment production efficiency will be increased. In addition, rigorous investment benefit analysis will also be thoroughly executed in order

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

to maximize the capital expenditure effect.

3. Financial aspect
 - (1) To implement cost reduction plans for saving expenses, maintaining a safe level of capital, and reducing inventory backlogs.
 - (2) Continue negotiating bank quotas and limits, and enhancing the business dealings with banks in order to ensure sufficient working capital. Also plan to increase medium- and long-term financing and repay short-term liabilities to improve its financial structure.

VII. Related party transaction

(I) Names and relationships of related parties

The related parties that have had transactions with the consolidated company during the periods covered in the financial statements are as follows:

<u>Related party name</u>	<u>Relationship with the Group</u>
Chin Ming Glass Co., Ltd.	The chairperson of this company is a relative within the first degree of kinship of the chairperson of the Company
Chung, Chih-Ming	Chairperson of the Company
Brave Advance	Associates of the consolidated company
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	"

(II) Major transactions with related parties

1. Operating income

The significant sales of the consolidated company to related parties are as follows:

	<u>2024</u>	<u>2023</u>
Other related parties	<u>\$ 18,562</u>	<u>19,453</u>

The prices and payment terms of the Group's sales to related parties are 60-day monthly settlement, which are not significantly different from those of general customers.

2. Purchase

Purchase costs of the Group from related parties were as follows:

	<u>2024</u>	<u>2023</u>
Other related parties	<u>\$ 95,468</u>	<u>39,378</u>

The purchases of goods from related parties by the Group is through a single supplier, whose payment terms are 60-day monthly settlement. The payment terms for general suppliers are 120 days LC and 30 to 90-day monthly settlement.

3. Amounts receivable from related parties

Statement of receivables from related parties of the consolidated company is as follows:

<u>Item</u>	<u>Types of related parties</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Accounts receivable - related parties	Other related parties	<u>\$ 3,829</u>	<u>3,077</u>

4. Amounts payable to related parties

Statement of payables to related parties of the consolidated company is as follows:

<u>Item</u>	<u>Types of related parties</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Accounts payable -	Other related parties	<u>\$ 24,497</u>	<u>10,639</u>

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

related parties				
Other payables	Other related parties	\$	19	298
	Key management of the parent company		30	-
		\$	49	298

(III) Transactions with key management
Remuneration of key management includes:

			2024	2023
Short-term employee benefits		\$	15,718	13,887
Share-based Payment			-	280
		\$	15,718	14,167

VIII. Assets Pledged

Statement of the carrying amount of the consolidated company's assets pledged as collateral is as follows:

Asset name	Pledged or secured subject matter		2024.12.31	2023.12.31
Other financial assets - current	Custom bond, corporate bonds payable and bank borrowings	\$	336,432	381,978
Other financial assets - non-current	Bank borrowings		-	24,000
Property, plant and equipment	Bank borrowings		978,889	930,221
Investment Property	Bank borrowings		1,148,336	1,147,256
Prepayments for equipment	Bank borrowings		29,610	29,610
		\$	2,493,267	2,513,065

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

The contract prices for the Group's equipment purchases were as follows:

	2024.12.31	2023.12.31
Signed contract prices	\$ 298,485	174,925
Paid amount	\$ 108,992	77,123

X. Losses from Major Disaster : none.

XI. Material Events after the Reporting Period : none.

XII. Others

A summary of employee benefits, depreciation, depletion and amortization expenses, by function, is as follows:

By function	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By nature						
Employee benefit expense						
Salary expense	186,566	142,845	329,411	203,109	107,982	311,091
Labor and health	20,782	10,546	31,328	22,734	10,533	33,267

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

insurance expense						
Pension expense	8,248	5,724	13,972	8,550	5,697	14,247
Remuneration of Directors	-	3,024	3,024	-	-	-
Other employee benefit expenses	10,661	6,869	17,530	8,271	4,120	12,391
Depreciation expense	111,494	21,178	132,672	113,127	17,986	131,113
Amortization expense	229	923	1,152	42	1,331	1,373

The Group recorded depreciation of other gains and losses under non-operating income and expenses of NT\$2,541 thousand and NT\$2,666 thousand in 2024 and 2023, respectively.

XIII. Disclosures in Notes

(I) Information on significant transactions

As required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Group shall again disclose the following information on significant transactions for 2024:

1. Loaning funds to others: None.
2. Endorsements/guarantees made for others: None.
3. End-of-period holding position of marketable securities (excluding investment in subsidiaries, associated companies, and joint ventures):

Unit: NTD thousand

Company held	Name and type of securities		Relationship with the securities issuer	Presentation account	End of period				Remarks
					Shares	Carrying amount	Shareholding ratio	Market price	
The Company	Zhen Ding Technology Holding Limited	Shares	-	Financial assets at fair value through profit or loss-current	10,000	1,200	-	1,200	
"	QUANTA COMPUTER INC.	Shares	-	"	3,000	861	-	861	
"	KAORI HEAT TREATMENT CO., LTD.	Shares	-	"	6,000	1,902	-	1,902	
"	Yuanta/P-shares Taiwan Top 50 ETF	Fund	-	"	2,000	391	-	392	
"	AERKOMM INC.	Shares	-	Financial assets at fair value through profit or loss - non-current	175,000	24,133	0.98 %	24,133	
"	IX ACQUISITION CORP.	SAFE	-	"	-	75,827	-	75,827	

4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
7. Sales and purchases with related parties amounting to NT\$100 million or more than 20% of paid-up capital: none.
8. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
9. Trading in derivative instruments: None.
10. Business relationships and significant transactions between parent and subsidiaries:

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

None.

(II) Information on investees :

Information about the Group's business investments in 2024 (excluding Mainland investees):
Unit: NTD thousand/USD thousand

Investors	Name of investee	Location	Main business items	Original investment amount		Shareholding at the end of the period			Highest shareholding ratio or capital contribution in the current period	Investees' profit/loss in the period	Current investment profit/loss recognized	Remarks
				End of the period	End of the preceding year	Shares	Ratio	Carrying amount				
The Company	Fast Achievement Global Ltd.	Cayman Islands	Holding	17,704 (USD540)	17,704 (USD540)	540,000	100.00%	59,475	100.00%	2,303 (USD72)	2,303 (USD72)	
The Company	Golden Start Global Corp.	Samoa	Holding	2,340,566 (USD71,391)	2,340,566 (USD71,391)	71,391,373	100.00%	69,705	100.00%	6,020 (USD187)		
The Company	G-TECH OPTOELECTRONICS (VIETNAM) CO., LTD.	Vietnam	Sales, design, production and processing of optical glass and accessories	65,570 (USD2,000)	- (USD0)	2,000,000	100.00%	57,659	100.00%	(6,303) (VND(4,962,971))	(6,303) (VND(4,962,971))	
Fast Achievement Global Ltd.	Brave Advance International Corp.	Samoa	Holding	16,393 (USD500)	16,393 (USD500)	500,000	25.00%	58,393 (USD1,781)	25.00%	10,106 (USD314)		
Golden Start Global Corp.	Charmtex Global Corp.	Samoa	Holding	2,339,910 (USD71,371)	2,339,910 (USD71,371)	71,371,373	100.00%	69,705 (USD2,126)	100.00%	6,020 (USD187)	6,020 (USD187)	

Note: Except for Brave Advance International Corp., all above transactions were written off in preparing the consolidated financial statements.

(III) Information on investments in mainland China :

1. Name, main business activities, and relevant information of Mainland investments:

Unit: NTD thousand/USD thousand

Names of the investees in Mainland China	Main business items	Paid-in capital	Investment method	Opening aggregate investment amount remitted out from Taiwan	Remitted or recovered investment amount of the period		Closing aggregate investment amount remitted out from Taiwan	Investees' profit/loss in the period	Ratio of shareholding directly or indirectly invested by the Company	Highest shareholding ratio or capital contribution in the current period	Recognized returns and losses on investments in the period	Closing carrying value of investments	Remitted returns on investments as of the end of the period
					Outward remittance	Recovery							
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	Produce and sell TFT-LCD materials	778,316 (USD23,740)	Note 1	778,316 (USD23,740)	-	-	778,316 (USD23,740)	5,940 (USD185)	25.00%	25.00%	1,485 (USD46)	19,449 (USD593)	-
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	Produce and sell TFT-LCD materials	2,294,950 (USD70,000)	Note 2	2,294,950 (USD70,000)	-	-	2,294,950 (USD70,000)	5,785 (USD180)	100.00%	100.00%	5,785 (USD180)	60,840 (USD1,856)	-

Note 1: The Company indirectly invested in Win World Opto-Glass (Dongguan) Co., Ltd in mainland China through Brave Advance International Corp., an investee of Fast Achievement Global Ltd., a third-place investment company.

Note 2: The Company indirectly invested in G-TECH Optoelectronics (Chengdu) Co., Ltd. in Mainland China, through Charmtex Global Corp., an investee of Golden Start Global Corp., a third-place investment company.

Note 3: Fast Achievement Global Ltd., Golden Start Global Corp., Charmtex Global Corp. and G-TECH Optoelectronics (Chengdu) Co., Ltd. recognize investment gains and losses based on the financial reports audited by the parent company's atesting CPAs.

Note 4: The conversion is based on the exchange rate of USD1 to NT\$32.79 on December 31, 2024.

Note 5: Except for World Opto-Glass (Dongguan) Co., Ltd., the above-mentioned transactions have been offset when preparing the consolidated financial reports.

2. Limit of investment in Mainland China

Aggregate amount remitted from Taiwan for investments in Mainland China in the period	Investment amount approved by the Investment Commission, Ministry of Economic Affairs	Limit of investments in Mainland China specified by the Investment Commission, Ministry of Economic Affairs
3,073,266 (USD93,740)	3,073,266 (USD93,740)	-
(Including machine prices of NT\$ 281,394) (USD8,583)	(Including machine prices of NT\$ 298,409) (USD9,276)	-

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

Note: On August 23, 2022, the Group has already obtained proof of operational headquarters from the Industrial Development Bureau, Ministry of Economic Affairs, and therefore is not subject to the Mainland investment limit.

3. Significant transactions with investees in Mainland China: none.

(IV) Information on major shareholders: none

XIV. Segment Information

(I) General information

The Group has been conducting organizational departmental adjustments since April 2016. As a result, the reportable segment and their operations after the departmental adjustments are the Smart Vehicle Business Unit (hereinafter referred to as the “Smart Vehicle Department”) and the Smart Building Business Unit (hereinafter referred to as the “Smart Building Department”). The Smart Vehicle Department is mainly engaged in the research and development, design, manufacture and sales of general consumer electronics, automotive glass and protective touch glass for industrial computers. The Smart Building Department is mainly engaged in the research and development and sales of green building glass, and provides various architectural glass surface treatment, strengthening, special-shaped and other processing services.

(II) Reportable information on segment profits and losses, assets, liabilities, and their measurement bases and reconciliations

The consolidated company uses the income before tax of segments (excluding gain/loss occurred infrequently and exchange gain/loss) from the internal management reports reviewed by key operating decision makers as a basis for management resource allocation and performance evaluation. Since the income tax, gain/loss occurred infrequently and exchange gain/loss are managed with the consolidated company as the basis, the consolidated company does not amortize the income tax expense (profit), gain/loss occurred infrequently and exchange gain/loss to the reportable segments. In addition, not all of the gain/loss of reportable segments includes material non-monetary items other than the depreciation and amortization. The amounts reported and the reports used by the operating decision makers are consistent.

The pension expense of each operating segment is recognized and measured based on the pension program paid in cash, and the accounting policies of operating segments are the same as Note 4 “Summary of Significant Accounting Policies”.

The consolidated company treats the sales and transfers among segments as transactions with third parties. The transactions are measured at current market prices.

Information and adjustment of operating segments of the Group are as follows:

<u>2024</u>	<u>Smart cars</u>	<u>Smart buildings</u>	<u>Others</u>	<u>Adjustment and offset</u>	<u>Total</u>
Revenue					
Revenue from external customers	\$ 599,204	213,369	1,350,608	-	2,163,181
Inter-segment revenue	-	-	-	-	-
Interest income	20,407	-	-	-	20,407
Total revenue	<u>\$ 619,611</u>	<u>213,369</u>	<u>1,350,608</u>	<u>-</u>	<u>2,183,588</u>
Interest expense	\$ (46,359)	-	-	-	(46,359)

**Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial
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Depreciation and amortization	(103,869)	(32,496)	-	-	(136,365)
Investment gain	2,526	-	-	-	2,526
Segment profit or loss	<u>\$ (275,142)</u>	<u>9,164</u>	<u>27,273</u>	<u>-</u>	<u>(238,705)</u>
Segment total assets	<u>\$ 4,056,492</u>	<u>619,842</u>	<u>-</u>	<u>-</u>	<u>4,676,334</u>
Segment liabilities	<u>\$ 2,492,087</u>	<u>222,397</u>	<u>-</u>	<u>-</u>	<u>2,714,484</u>

<u>2023</u>					
Revenue					
Revenue from external customers	\$ 603,314	224,927	1,030,800	-	1,859,041
Inter-segment revenue	-	-	-	-	-
Interest income	13,234	-	-	-	13,234
Total revenue	<u>\$ 616,548</u>	<u>224,927</u>	<u>1,030,800</u>	<u>-</u>	<u>1,872,275</u>
Interest expense	\$ (50,465)	-	-	-	(50,465)
Depreciation and amortization	(94,027)	(41,125)	-	-	(135,152)
Investment gain	2,051	-	-	-	2,051
Segment profit or loss	<u>\$ (193,823)</u>	<u>30,024</u>	<u>45,963</u>	<u>-</u>	<u>(117,836)</u>
Segment total assets	<u>\$ 3,460,795</u>	<u>640,534</u>	<u>-</u>	<u>-</u>	<u>4,101,329</u>
Segment liabilities	<u>\$ 2,380,177</u>	<u>354,959</u>	<u>-</u>	<u>-</u>	<u>2,735,136</u>

Note: The information on segment assets and liabilities of the Group is provided to key management for reference in making decisions, so there is no need to disclose departmental assets and liabilities.

(III) Information by products and services

Information on revenue from external customers of the consolidated company is as follows:

<u>Product name</u>	<u>2024</u>	<u>2023</u>
Photoelectric glass	\$ 599,204	603,314
Green building glass	213,369	224,927
Others	1,350,608	1,030,800
Total	<u>\$ 2,163,181</u>	<u>1,859,041</u>

(IV) Information by region

The geographical information of the consolidated company is as follows. The income described in the following is classified according to the geographical location of customers. In addition, non-current assets are classified according to the geographical location of assets.

<u>By location</u>	<u>2024</u>	<u>2023</u>
Revenue from external customers:		
Taiwan	\$ 704,020	720,396
Mainland China	383,559	682,690
United States	1,022,532	368,902
Others	53,070	87,053

Notes to the G-TECH Optoelectronics Corporation and Subsidiaries Consolidated Financial Statements (continued)

	<u>\$ 2,163,181</u>	<u>1,859,041</u>
Non-current assets:		
Taiwan	\$ 2,368,670	2,426,881
Vietnam	<u>65,912</u>	<u>-</u>
Total	<u>\$ 2,434,582</u>	<u>2,426,881</u>

Non-current assets include property, plant and equipment, right-of-use assets, investment property, investment property and other assets; however, financial instruments, deferred income tax assets, assets of retirement benefits and non-current assets arising from rights of insurance policies are excluded.

(V) Information on major customers

Operating revenue:

	<u>2024</u>	<u>2023</u>
Customer D	\$ 881,512	305,599
Customer C	363,636	342,898
Customer E	<u>171,059</u>	<u>64,777</u>
	<u>\$ 1,416,207</u>	<u>713,274</u>

Independent Auditor’s Report

The Board of Directors G-TECH Optoelectronics Corporation

Audit opinion

We have audited the accompanying parent-company only financial statements of G-TECH Optoelectronics Corporation (the “Company”) , which comprise the parent-company only balance sheets as of December 31, 2024 and 2023, and the parent-company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We are entrusted to conduct the audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norms for Professional Ethics for Certified Public Accountants and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our

audit of the Company's financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the audit of the financial statements are stated as follows:

I. Revenue Recognition

For the accounting policy on revenue recognition, please refer to Note 4 (16) Revenue Recognition of the parent-company only financial reports; for the explanation on revenue recognition, please refer to Note 6(19) of the parent-company only financial reports.

Description of Key Audit Matters:

The revenue of the Company mainly comes from product sales to customers, and the sales contract with customers involve different types of transaction terms. For the recognition of sales revenue, the product control transfer status is determined according to the transaction terms of each individual sales contract. Accordingly, the test of the recognition of revenue is identified as a key audit matter for the execution of the audit of the financial statements of the Company.

Corresponding Audit Procedures:

- Evaluate the appropriateness of the accounting policy for revenue recognition;
- Understand and test the effectiveness of the design and implementation of internal control over the main revenue types, transaction models, contract terms and transaction conditions of the Company;
- Conduct detailed tests on samples and check various forms to ensure the authenticity of transactions; perform cut-off testing before and after the financial reporting date, select samples and verify against relevant documents to determine if the timing of recognition of transactions is reasonable;
- Meanwhile, select a period of time around the financial reporting date to check the allowance and discount that the Company is required to provide to customers in accordance with the sales contract to determine whether there are any significant sales returns and discounts, in order to confirm the authenticity of the transaction; and
- Obtain the discounted amount to be accrued as imputed by the management and check it with relevant internal or external information to assess the reasonableness of the relevant parameters and key assumptions; check the accuracy of the discount estimates of the previous year to assess whether the discounted amount to be accrued as imputed by the management is appropriate.

II. Investment Property Fair Value Evaluation

For the accounting policy regarding the fair value valuation of investment properties, please refer to Note 4 (10) to the parent-company only financial reports; for the uncertainty of accounting estimates and assumptions regarding the fair value of investment properties, please refer to Note 5 (2) to the parent-company only financial reports; for the details of investment properties, please refer to Note 6 (7) to the financial reports.

Description of Key Audit Matters:

The investment property is an important asset for operations of the Company, and accounts for 26% of the total assets. The accounting of the Company is performed according to International Accounting Standard 40 at fair value, and subsequent changes in fair value are recognized as profit or loss of the current period. Since the Company uses the recommendations of external real estate appraiser reports as the basis for the evaluation of the investment property fair value, the neighborhood rental market prices referenced and financial information related to the investment property rental provided by the Company for the execution of the appraisal procedure may involve material judgment and estimation uncertainty. Accordingly, any inappropriate evaluation of the fair value change may result in misstatement of the financial statements. Accordingly, the investment property fair value evaluation is identified as a key audit matter for the execution of the audit of the financial statements of the Company.

Corresponding Audit Procedures:

- Assess the professionalism, objectiveness and experience of the real estate appraiser retained by the Company to be in charge of the fair value measurement.
- Verify the rationality of the material assumptions and critical judgments adopted in its appraisal report, and review the lease agreements and comparison with relevant market information, in order to determine whether the future cash flow, income and discount rate have been handled according to the regulations.
- Verify the appraisal report and relevant accounting records in order to determine the accuracy of accounting procedures.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for necessary internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 in the parent company only financial statements. Misstatement can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the unconsolidated financial statements.

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

1. Identify and assess the risk of material misstatement in the parent company only financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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 a necessary understanding of internal control concerning the inspection in order to design appropriate inspection procedures that are appropriate for the time being. The purpose, however, is not to effectively express opinions on the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
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 the Company to continue as a going concern. If we conclude that a material uncertainty exists, then relevant disclosures of the parent company only financial statements are required to be provided in our audit report to allow users of parent company only financial statements to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including relevant notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of investees under the equity method, and express an opinion on the parent company only financial statements.

We handle the guidance, supervision and execution of the audit on the Company and are responsible for preparing the opinion on the Company.

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 have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company only financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude 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 could reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

CPA:

Certificate No. Approved by
the Competent Authority of
Securities : Jin Guan Zheng Liu Zi
No.0940129108
Jin Guan Zheng Shen Zi
No.1020000737
March 7, 2025

G-TECH Optoelectronics Corporation

Balance Sheet

December 31, 2024 and 2023

Unit: NTD thousand

Asset	2024.12.31		2023.12.31		Liabilities and Equity	2024.12.31		2023.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
1100 Cash and Cash Equivalents (Notes 6 (1) and (21))	\$ 844,441	19	499,901	12	2100 Short-term borrowings (Notes 6 (9) and (21))	\$ 700,748	16	382,000	9
1110 Financial assets at fair value through profit or loss - current (Notes 6 (2) & (21))	4,354	-	324	-	2130 Contract liabilities - current (Note 6(19))	8,869	-	1,412	-
1170 Notes and accounts receivable, net (Notes 6 (3), (19) and (21))	346,821	8	406,909	10	2170 Notes and accounts payable, net (Note 6 (21))	283,145	6	255,807	6
1180 Notes and accounts receivable - related parties, net (Notes 6 (3), (19), (21) and 7)	3,829	-	2,757	-	2180 Notes and accounts payable - related parties, net (Notes 6 (21) and 7)	24,497	1	10,639	-
1220 Current income tax assets	1,376	-	1,597	-	2200 Other payables (Notes 6 (21) and 7)	82,909	2	82,314	2
130X Inventories (Note 6 (4))	173,919	4	152,794	4	2213 Equipment payable (Notes 6 (21) and (24))	2,168	-	1,552	-
1476 Other financial assets - current (Notes 6 (8), (21), and 8)	340,112	7	387,794	10	2250 Liability reserve - current (Note 6(13))	10,483	-	16,459	1
1479 Other current assets - others	40,264	1	10,571	-	2280 Lease liabilities - current (Note 6 (21))	15,557	-	1,008	-
Total current assets	1,755,116	39	1,462,647	36	2321 Corporate bonds due or resale right exercised within one year or one business cycle (Notes 6 (11) and (21))	-	-	498,614	12
Non-current assets:					2322 Long-term borrowings due within one year or one business cycle (Notes 6 (10) and (21))	184,491	4	201,701	5
1510 Financial assets at fair value through profit or loss - non-current (Notes 6 (2) & (21))	99,960	2	-	-	2399 Other current liabilities - others	9	-	289	-
1551 Investment by the equity method (Note 6 (5))	186,839	4	114,977	3	Total current liabilities	1,312,876	29	1,451,795	35
1600 Property, plant and equipment (Notes 6 (6), (24), 8 and 9)	1,166,985	26	1,234,222	30	Non-current liabilities:				
1755 Right-of-use assets	39,567	1	29,204	1	2540 Long-term borrowings (Notes 6 (10) and (21))	1,156,259	26	1,167,876	29
1760 Investment properties, net (Notes 6 (7) and 8)	1,148,336	26	1,147,256	28	2550 Liability reserve - non-current	16,548	-	17,280	-
1780 Intangible assets	2,723	-	2,122	-	2570 Deferred income tax liabilities (Note 6(14))	63,326	2	57,425	1
1915 Prepayments for equipment (Notes 8 and 9)	94,298	2	33,453	1	2580 Lease liabilities - non-current (Note 6 (21))	-	-	668	-
1840 Deferred income tax assets (Note 6 (14))	12,466	-	8,617	-	Total non-current liabilities	1,236,133	28	1,243,249	30
1980 Other financial assets - non-current (Notes 6 (8), (21), and 8)	4,569	-	28,739	1	Total liabilities	2,549,009	57	2,695,044	65
Total non-current assets	2,755,743	61	2,598,590	64	Equity (Notes 6 (15) and (16))				
Total Assets	\$ 4,510,859	100	4,061,237	100	3110 Ordinary share capital	1,862,336	41	1,443,296	36
					3140 Capital collected in advance	-	-	2,760	-
					3200 Capital surplus	436,690	9	22,614	1
					3300 Losses to be covered	(821,325)	(18)	(581,144)	(14)
					3400 Other equities	484,149	11	478,667	12
					Total equity	1,961,850	43	1,366,193	35
					Total liabilities and equity	\$ 4,510,859	100	4,061,237	100

(For details, please refer to the notes attached to the unconsolidated financial statements)

Chairman of the Board: Chung, Chih-Ming

Managerial Officer: Chung, Chih-Ming

Accounting Officer: Tai-Chiu Wu

G-TECH Optoelectronics Corporation
Statements of Comprehensive Income
Years ended December 31, 2024 and 2023

Unit: NTD thousand

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenues (Notes 6 (19) and 7)	\$ 1,984,285	100	1,678,626	100
5000	Operating costs (Notes 6 (4), (13) and 7)	1,962,422	99	1,618,690	96
	Gross profit	21,863	1	59,936	4
	Operating expenses (Notes 6 (3), (13) and (16))				
6100	Selling and marketing expenses	45,535	2	36,289	2
6200	Administrative expenses	149,518	8	110,463	7
6300	Research and development expenses	118,777	6	97,581	6
6450	Expected credit impairment loss (reversed gains)	(15,752)	(1)	867	-
6300	Total operating expenses	298,078	15	245,200	15
	Net operating loss	(276,215)	(14)	(185,264)	(11)
	Non-operating income and expense:				
7100	Interest income (Note 6(20))	15,404	1	12,556	1
7020	Other gains and losses (Notes 6 (7), (11), (12) and (20))	65,144	3	114,862	7
7050	Long-term borrowings (Notes 6 (11) and (20))	(45,058)	(2)	(50,465)	(3)
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	2,020	-	(9,525)	(1)
	Total non-operating income and expenses	37,510	2	67,428	4
	Net loss before tax from continuing operating segments	(238,705)	(12)	(117,836)	(7)
7950	Less: income tax assets (Note 6 (14))	2,054	-	-	-
	Net loss of current period	(240,759)	(12)	(117,836)	(7)
8300	Other comprehensive income:				
8360	Items that may be reclassified subsequently to profit or loss:				
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method - Items may be reclassified into profit or loss	5,482	-	(1,381)	-
8399	Less: Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total of items that may subsequently be reclassified to profit or loss	5,482	-	(1,381)	-
8300	Other comprehensive income (net of tax)	5,482	-	(1,381)	-
	Total comprehensive income of current period	\$ (235,277)	(12)	(119,217)	(7)
	Losses per share (Note 7 (17))				
	Basic loss per share (Unit: NT\$)	\$ (1.45)		(0.82)	

(For details, please refer to the notes attached to the unconsolidated financial statements)

Chairman of the Board: Chung, Chih-Ming Managerial Officer: Chung, Chih-Ming Accounting Officer: Tai-Chiu Wu

G-TECH Optoelectronics Corporation
Statement of changes in equity
Years ended December 31, 2024 and 2023

Unit: NTD thousand

	Ordinary share capital	Capital collected in advance	Capital surplus	Losses to be covered	Other equity			Total equity
					Difference in exchange from the conversion of financial statements of overseas operating entities	Revalued amount of property	Total	
Balance on December 31, 2023	\$ 2,241,856	-	196,778	(1,440,223)	167,361	312,687	480,048	1,478,459
Net loss of current period	-	-	-	(117,836)	-	-	-	(117,836)
Other comprehensive income (loss) of current period	-	-	-	-	(1,381)	-	(1,381)	(1,381)
Total comprehensive income of current period	-	-	-	(117,836)	(1,381)	-	(1,381)	(119,217)
Share-based compensation	-	-	1,052	-	-	-	-	1,052
Covering loss from capital surplus	-	-	(176,915)	176,915	-	-	-	-
Capital reduction to make up for losses.	(800,000)	-	-	800,000	-	-	-	-
Issuance of new shares for employees' exercise of stock options	1,440	2,760	1,699	-	-	-	-	5,899
Balance on January, 2023	1,443,296	2,760	22,614	(581,144)	165,980	312,687	478,667	1,366,193
Net loss of current period	-	-	-	(240,759)	-	-	-	(240,759)
Other comprehensive income (loss) of current period	-	-	-	-	5,482	-	5,482	5,482
Total comprehensive income of current period	-	-	-	(240,759)	5,482	-	5,482	(235,277)
Covering loss from capital surplus	-	-	(578)	578	-	-	-	-
Issuance of new shares for employees' exercise of stock options	19,040	(2,760)	9,054	-	-	-	-	25,334
Cash capital increase	400,000	-	384,000	-	-	-	-	784,000
Costs of employee subscription compensation for capital increase in cash	-	-	21,600	-	-	-	-	21,600
Balance on December 31, 2024	\$ 1,862,336	-	436,690	(821,325)	171,462	312,687	484,149	1,961,850

(For details, please refer to the notes attached to the unconsolidated financial statements)

Chairman of the Board: Chung, Chih-Ming

Managerial Officer: Chung, Chih-Ming

Accounting Officer: Tai-Chiu Wu

G-TECH Optoelectronics Corporation
Statements of Cash Flows
Years ended December 31, 2024 and 2023

	Unit: NTD thousand	
	2024	2023
Cash Flows from Operating Activities:		
Net loss before tax in the period	\$ (238,705)	(117,836)
Adjustments:		
Income/expenses items		
Depreciation expense	126,839	130,577
Amortization expense	1,152	1,373
Expected credit impairment loss (reversed gains)	(15,752)	867
Net loss on financial asset or financial liability at fair value through profit or loss	10,625	1,130
Interest expense	45,058	50,465
Interest income	(15,404)	(12,556)
Share-based payment cost	21,600	1,052
Share of (profit) loss of subsidiaries, associates or joint venture using the equity method	(2,020)	9,525
Gains from disposal of and scrapping property, plant and equipment	-	(2,022)
Gain on fair value adjustment of investment property	(1,080)	(1,265)
Gains on lease modification	(4)	-
Others	-	32
Total adjustments to reconcile profit and loss	171,014	179,178
Change in assets/liabilities relating to operating activities:		
Net changes in assets related to operating activities:		
Decrease (increase) in notes and accounts receivable (including related parties)	74,768	(38,893)
(Increase) decrease in Inventory	(21,125)	34,467
Decrease (increase) in other current assets	(29,693)	2,709
Decrease in other financial assets	3,332	2,328
Total net changes in assets related to operating activities	27,282	611
Net changes in liabilities related to operating activities:		
Increase (decrease) in contract liabilities	7,457	(11,848)
Increase in notes and accounts payable (including related parties)	41,196	60,542
Decrease in other payables	(481)	(19,731)
Decrease in provision for liability	(6,708)	(9,715)
Increase (decrease) in other current liabilities	(280)	289
Decrease in other non-current liabilities	-	(1,020)
Total net changes in liabilities related to operating activities	41,184	18,517
Total net changes in assets and liabilities related to operating activities	68,466	19,128
Total adjustments	239,480	198,306
Cash inflow generated by operating activities	775	80,470
Interest received	15,404	12,526
Interest paid	(42,186)	(44,899)
Income tax paid	(977)	(1,194)
Net cash inflow (outflow) from operating activities	(26,984)	46,903

G-TECH Optoelectronics Corporation
Statements of Cash Flows (continued)
Years ended December 31, 2024 and 2023

Unit: NTD thousand

	2024	2023
Cash flow from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(167,001)	(12,114)
Disposal of financial assets at fair value through profit or loss	52,386	10,660
Acquisition of investment by the equity method	(64,360)	-
Property, plant and equipment acquired	(39,547)	(33,788)
Disposal of property, plant and equipment	-	2,000
Acquisition of intangible assets	(1,753)	(1,091)
Decrease (increase) in other financial assets	69,716	(10,921)
Increase in prepayments for equipment	(60,845)	(4,907)
Net cash used in investing activities	(211,404)	(50,161)
Cash flows from financing activities:		
Increase in short-term borrowings	1,287,748	874,000
Decrease in short-term borrowings	(969,000)	(885,792)
Repayment of corporate bonds	(500,000)	-
Proceeds from long-term borrowings	370,000	470,000
Repayments of long-term borrowings	(398,827)	(543,263)
Lease principle repayment	(16,327)	(15,078)
Cash capital increase	784,000	-
Employees' exercise of stock options	25,334	5,899
Net cash generated from (used in) financing activities	582,928	(94,234)
Increase (decrease) of cash and cash equivalents in current period	344,540	(97,492)
Balance of cash and cash equivalents at beginning of period	499,901	597,393
Balance of cash and cash equivalents at end of period	\$ 844,441	499,901

(For details, please refer to the notes attached to the unconsolidated financial statements)

Chairman of the Board: Chung, Chih-Ming Managerial Officer: Chung, Chih-Ming Accounting Officer: Tai-Chiu Wu

G-TECH Optoelectronics Corporation
Notes to the Unconsolidated Financial Statements
2024 and 2023

(Unless otherwise specified, all amounts shall be denominated in NT\$ thousand)

I. Company History

G-TECH Optoelectronics Corporation (“the Company”) was established on June 27, 1996 with the approval of the Ministry of Economic Affairs, with the registered place at No. 99 Zhongxing Rd., Tongluo Township, Miaoli County. The main business items of the Company include glass and glass products, electronics parts manufacturing and international trade business, etc.

II. Approval of Dates and Procedures of Financial Statements

The parent-company only financial reports were approved by the Board of Directors for release on March 7, 2025.

III. Application of New, Amended and Revised Standards and Interpretations

- (I) Effects of adopting the amendments to the IFRSs endorsed and issued into effect by the FSC
The Company has applied the following new amendments to IFRSs since January 1, 2024, without material effects on the parent-company only financial reports.
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
 - Amendments to IAS 1 "Non-current Liabilities with Covenants"
 - Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
 - Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"
- (II) Effects of not adopting IFRSs endorsed by the FSC
The Company has assessed that the application of the following new amendments to IFRSs since January 1, 2025, without material effects on the parent-company only financial reports.
- Amendments to IAS 21 "Lack of Convertibility"
 - The amendment regarding the application guidance in Section 4.1 in IFRS 9 and disclosure requirement in IFRS 7 in the amendment to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- (III) New, amended and revised standards and interpretations not endorsed by the FSC
The standards and interpretations issued by the IASB but not yet endorsed and issued into effect by the FSC that may be relevant to the Company are as follows:

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Newly promulgated or amended standards	Main amendments	Effective date of publication by FSC
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two subtotals of income statement, and one single note about the management performance measurement (MPM). These three amendments and enhancements provide a guide for how to disaggregate information in financial statements, and lay a foundation to provide users with better and more consistent information, and will affect all companies.	January 1, 2027
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> ● The more structured income statement: pursuant to the current standard, a company uses different formats to present its operating results, so that investors cannot easily compare the financial performance of different companies. The new standard uses a more structured income statement, and introduces the subtotal "operating profits" newly defined, while specifying all incomes and expenses are classified into three new categories based on the Company's main business activities. ● Management Performance Measurement (MPM): The new standard introduces the definition of management performance measurement, and requires companies to provide the information on each measurement indicator in a single note to the financial statements, explaining why the indicator provides useful information, how to calculate, and how to reconcile between the MPM and the amount recognized by the IFRS accounting standards. ● More disaggregated information: the new standard include the guides to enhance the information grouping in the financial statement. This include whether information shall be included in the main financial statements or further disaggregated in the notes. 	January 1, 2027

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

The Company is currently assessing the impact of the aforementioned standards and interpretations on the financial status and business results of the Company, and relevant impacts will be disclosed after the completion of the assessment.

The following newly promulgated and amended standards not yet approved are not expected to have material impact on the unconsolidated financial statements of the Company.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- The amendment regarding the application guidance in Sections 3.1 and 3.3 in IFRS 9 and disclosure requirement in IFRS 7 in the amendment to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards
- Amendment to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

IV. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of the parent company only financial statements are summarized as follows. The following accounting policies have been applied consistently throughout the presented periods in the parent company only financial statements.

(I) Statement of compliance

The parent company only financial statements were prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(II) Basis of preparation

1. Measurement bases

The parent company only financial statements have been prepared on the historical cost basis, except for the following significant balance sheet items.

- (1) Financial assets at fair value through profit or loss measured at fair value
- (2) Investment properties measured at fair value
- (3) Net defined benefit liabilities are measured at the present value of the defined benefit obligation less the fair value of the pension fund plan assets

2. Functional currencies and presenting currency

The functional currency of the Company is determined based on the currency of the primary economic environment in which it operates. The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. All financial information is presented in NTD thousand.

(III) Foreign currency

1. Foreign currency transaction

Transactions in foreign currencies are translated to the functional currency at the exchange rate at the dates of the transactions. At the end of each subsequent reporting period (referred to as the “report date”), foreign currency items are translated to the functional currency at the exchange rate at that date. Non-monetary items measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transaction.

The foreign exchange difference arising from the conversion is typically recognized in profit or loss; however, it shall be recognized under other comprehensive income for the

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

following conditions:

- (1) Equity instruments designated as measured at fair value through other comprehensive income;
- (2) Financial liabilities designated as net investment hedges for foreign operations within the effective extent of hedging; or
- (3) Eligible cash flow hedging is within the effective extent of hedging.

2. Foreign operation

The assets and liabilities of foreign operations include the reputation and fair value adjustment at the time of acquisition, and it is converted into NTD according to the exchange rate on the report date. The profit and loss items are converted into NTD according to the average exchange rate of the current period. The exchange difference generated is recognized as other comprehensive income.

In case of disposal of foreign operation leading to loss of control, joint control or material impact, the accumulated exchange difference related to the foreign operation shall be reclassified as profit or loss in full. During partial disposal of affiliated enterprise or joint venture investment involving foreign operations, relevant accumulated exchange difference shall be reclassified as profit or loss proportionally.

For monetary accounts receivable or payable of a foreign operation, if there is no repayment plan and repayment cannot be made in the foreseeable future, the foreign exchange profit or loss arising therefrom shall be treated as part of the net investment on such foreign operation and shall be recognized as other comprehensive income.

(IV) Criteria for classifying assets and liabilities as current or non-current

The Company classifies assets as current assets if meeting any of the following criteria, and classifies all other assets that are not current assets as non-current assets:

1. Assets expected to be realized, or intended to sell or consume such within its normal business cycle;
2. Assets held primarily for the purpose of trading;
3. Assets expected to be realized within 12 months after the reporting period; or
4. Cash and cash equivalents (as defined in IAS 7), unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

The Company classifies liabilities as current liabilities if meeting any of the following criteria, and classifies all other liabilities that are not current assets as non-current liabilities:

1. Liabilities expected to be settled within its normal business cycle;
2. Liabilities held primarily for the purpose of trading;
3. Liabilities due to be settled within 12 months after the reporting period; or
4. Liabilities without substantial right on the balance sheet date to defer settlement for at least 12 months on the end date of reporting period.

(V) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents refer to short-term investments with high liquidity that are subject to insignificant risk of changes in their fair value and can be cashed into fixed amounts of money. The definition of time deposit is similar to that of cash equivalent; however, the purpose of holding time deposit is for short-term cash commitment rather than investment, to be classified as cash equivalents.

(VI) Financial Instruments

Accounts receivable and debt securities are initially recognized upon receipt. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets not measured at fair

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

value through profit or loss (excluding account receivables not containing a significant financial component) or financial liabilities were initially measured at fair value plus the transaction cost directly attributed to the acquisition or issuance thereof. Accounts receivable not containing a significant financial component were initially measured at the transaction price.

1. Financial asset

For the purchase or sale of financial assets complying with regular trading, the Company uses the same method to classify the financial assets. All of the purchases and sales of financial assets are recognized using trade-date or settlement-date accounting.

During the initial recognition, the financial assets are classified as: financial assets measured at amortized cost or financial assets at fair value through profit or loss.

The Company reclassifies all affected financial assets starting on the first day of the next reporting period only when it changes its business model for managing its financial assets.

(1) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

Such assets subsequently use the initially recognized amount plus or less the accumulated amortized value using the effective interest method, and adjust any allowance loss measured at amortized cost. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Gains or losses on derecognition are recognized in profit or loss.

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

The financial instruments that are not measured at amortized cost as described above are measured at fair value through profit or loss, including derivative financial assets. When making initial recognition, the Company may irrevocably recognize the financial assets that qualify as financial assets measured at amortized cost as financial assets at fair value through profit or loss in order to eliminate or significantly reduce the accounting mismatch.

Such assets are subsequently measured at fair value, and the net gain or loss (including any dividends and interest income) is recognized as profit or loss.

(3) Impairment of financial assets

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

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

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

increased significantly since initial recognition.

Loss allowance for trade receivables is measured at an amount equal to lifetime ECLs.

To determine whether the credit risk has significantly increased after the initial recognition, the Company considers reasonable and verifiable information (information that can be obtained without excessive cost or investment), including qualitative and quantitative information, and the analysis conducted by the Company based on past experience, credit assessment and prospective information.

Where credit risk of financial instruments belong to the globally defined “investment grade” (BBB- - Standard & Poor’s investment grade, Baa3 - Moody’s investment grade or twA - investment grade of Taiwan Ratings, or a higher grade), the credit risk of such debt securities will be deemed low by the Company.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company assumes that the credit risk on the financial asset has been breached if it is more than 90 days past due.

Where credit risk of financial instruments belong to the globally defined “investment grade” (BBB- - Standard & Poor’s investment grade, Baa3 - Moody’s investment grade or twA - investment grade of Taiwan Ratings, or a higher grade), the credit risk of such debt securities will be deemed low by the Company.

Lifetime ECLs are the ECLs that result from all possible default events during the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from possible default events within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses during the expected lifetime of the financial instrument. Credit losses are measured as the present value of all cash shortfalls, i.e. the difference between the cash flows due to the Company in accordance with contracts and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assess whether financial assets measured at amortized cost are subject to credit impairment. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observation data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- For economic or contractual reasons related to the borrower’s financial difficulty, having granted to the borrower a concession that the Company would not otherwise consider;
- It is probable that the borrower will file for bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security due to financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off, either in full or partially, to the extent that there is no realistic prospect of recovery for the Company. For corporate accounts, the Company individually analyzes the write-off timing and amount based on whether it is reasonably expected to be recovered. The Company expects that the written off amount will not have significant reversal. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(4) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights of the cash flows from the asset are terminated, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party, or when nearly all risks and rewards of ownership are not transferred and not retained and the control of the financial asset is not retained.

When the Company signs a transaction for transferring financial assets, if all or nearly all of the risks and rewards of the ownership of the assets transferred are retained, then it is still continued to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The debts and equity instruments issued by the Company are classified as financial liabilities or equity according to the substance of contract agreements and the definition of financial liabilities and equity instruments.

(2) Equity transactions

Equity instrument refers to any contract representing the Company with remaining equity from assets after all liabilities have been subtracted. The equity instruments issued by the Company are recognized based on the amount obtained from the payment amount less the direct issuance cost.

(3) Compound financial instrument

The compound financial instruments issued by the Company refer to convertible corporate bonds (valued in NTD) of options held by the owner for converting into capital share, and the quantity of the shares issued does not change along with changes of the fair value.

For the liability component of compound financial instruments, its amount initially recognized is measured at the fair value of similar liabilities excluding the equity conversion right. The initially recognized amount of the equity component is measured based on the difference between the overall compound financial instrument fair value and the liability component fair value. Any transaction costs that can be attributed directly are amortized to the liability and equity component according to the initial carrying amount ratio of the liability and equity.

After initial recognition, the liability component of the compound financial instruments is subsequently measured at amortized cost calculated using the effective interest method. For the equity component of compound financial instruments, it shall not be remeasured after initial recognition.

The interest related to the financial liabilities is recognized in profit or loss. When financial liabilities are reclassified as equity during the conversion, such conversion is not recognized in profit or loss.

(4) Financial liability

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Financial liabilities are subsequently measured either at amortized cost or at fair value through profit or loss. Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading, is a derivative instrument, or is designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, with any relevant net gains or losses, including any interest expense, recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost calculated using the effective interest method. Interest expense and exchange gain and loss are recognized in the profit or loss. On derecognition, any profits or losses are recognized in profit or loss.

(5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged, canceled or has expired. When there are changes in the terms of the financial liabilities and there is significant difference in the cash flow of liabilities after revision, then the original financial liabilities are derecognized, and the revised terms are used as the basis for the recognition of the new financial liabilities at fair value.

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

(6) Offsetting financial assets and liabilities

The Company only presents financial assets and liabilities on a net basis when the Company currently has the legally enforceable right to offset them, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(VII) Inventories

Inventory is measured based on the lower of the cost and the net realizable value. The cost of inventories consists of all costs of acquisition, production or processing costs and other costs arising from the location and state of use, and the weighted average method is used. The costs of finished products and work in process include the manufacturing expense amortized according to the appropriate ratio under normal production capacity.

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

(VIII) Investments in Associates

Associate refers to an entity where the Company has material impact on its financial and operational policies, but has no control or joint control over.

The Company adopts the equity method for the equity of an associate. Under the equity method, it is recognized at cost during the initial acquisition, and the investment cost includes the transaction cost. The carrying amount of the invested associate includes the goodwill identified during the initial investment, less any accumulated impairment loss.

The parent company only financial statements includes the amount of profit or loss and the amount of other comprehensive income of each invested associate, from the date of having material impact to the date of losing material impact, after adjustments to make the accounting policy consistent with the Company, recognized by the Company according to the equity ratio. When the associate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage of the Company in the associate is not affected, the Company then recognizes the equity change under the share of

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

the associate for the Company as capital reserve according to the shareholding percentage.

The unrealized profit and loss arising from the transactions between the Company and associates is recognized in the company's financial statements only within the scope of the non-related party on the associate. When the loss amount of the associate required for recognition proportionally by the Company is equal to or exceeds its equity in the associate, its loss is no longer recognized, and additional loss and relevant liabilities are recognized only within the scope of occurrence of statutory obligation, presumed obligation or payments made on behalf of the investee.

(IX) Investment in subsidiaries

During the preparation of the parent company only financial statements, the Company uses the equity method for valuation of investees with controlling power. Under the equity method, profit or loss of the current period and other comprehensive income in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall be equal to the equity attributable to owners of the parent in the consolidated financial statement.

Changes to the ownership interest of the subsidiaries made by the Company that have not caused the loss of the control thereof are handled as interest transactions with the owner.

(X) Investment Property

Investment property refers to property held for the purpose of earning rents or capital value increase or both, and excluding property provided for normal business sales, for production, for product or labor or for administrative management purposes. Investment property is measured at cost initially, and subsequently measured at fair value. Any change thereof is recognized in profit or loss.

The profit or loss from disposition of investment property (calculated based on the difference between the net disposition amount and the carrying amount of such item) is recognized in profit or loss. If an investment property for sale was previously classified as property, plant and equipment, any relevant "Other equity - revalued amount of property" is changed to be recognized as retained earnings.

The rental income from investment property is recognized as non-operating income under the straight-line method during the lease period, and the lease incentive offered during the lease period is recognized as part of the rental income.

(XI) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalized borrowing costs) less subsequent accumulated depreciation and any subsequent accumulated impairment loss.

When the useful lifetimes of the major components of the property, plant and equipment are different, then it is handled as an independent item (main component) of the property, plant and equipment.

The gain or loss arising from the disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

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

3. Depreciation

The depreciation of an asset is determined after deducting its residual amount from its

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

original cost and is depreciated using the straight-line method over its useful life in order to be recognized in profit or loss.

Land is not depreciated.

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

(1) Houses and buildings	7~25 years
(2) Machinery and equipment	6~7 years
(3) Other equipment	2~5 years
(4) Leasehold improvement	1~10 years

The houses and buildings mainly include factory buildings, electromechanical power equipment, engineering and dust-free clean room systems. Their depreciation is accrued according to their useful life of 25 years, 10 years and 10 years respectively.

Depreciation methods, useful lives and residual values are reviewed by the Company at each reporting date, and are adjusted appropriately when it is determined necessary.

4. Reclassified to investment properties

When the purpose of a property for own use is changed to an investment property, such property is reclassified to investment property based on the fair value at the time of change of its purpose. The profit generated is then remeasured, and it is recognized in profit or loss within the scope of the accumulated impairment previously recognized for such property. The remaining difference is then recognized under other comprehensive income, and it is cumulated to "Other equity - revalued amount of property". Any loss is recognized in profit or loss; however, if the reduced value is still within the revalued amount of the property, then the reduced amount is recognized in other comprehensive income, and the revalued amount in the equity is offset and reduced.

(XII) Leases

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

1. Lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company periodically assesses whether the right-of-use asset has any impairment and handles any impairment loss already incurred, and under the condition where remeasurement on the lease liability occurs, the right-of-use-asset is adjusted.

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

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

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

- (1) Fixed payments, including in-substance fixed payments;
- (2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (3) Amounts expected to be payable under a residual value guarantee; and
- (4) The exercise price under a purchase option or lease termination that the Group is reasonably certain to exercise, or penalties required for a lease.

The lease liability is measured at amortized cost using the effective interest method, and it is remeasured under the following conditions:

- (1) When there is a change in future lease payments arising from a change in index or rate;
- (2) When there is a change in the estimate of the amount expected to be payable under a residual value guarantee;
- (3) When there is change in the assessment of whether to exercise a purchase option of the underlying asset;
- (4) If there is a change in the assessment of whether to exercise an extension or termination option, and a change to the assessment of the lease period;
- (5) When there is change to the lease subject matter, scope or other terms.

When the lease liability is remeasured due to the aforementioned change in future lease payments arising from a change in an index or rate, change in residual value guarantee and change in purchase, extension or termination option assessment, a corresponding adjustment is made to the carrying amount of the right-of-use asset, and it is recorded in profit or loss when the carrying amount of the right-of-use asset has been reduced to zero. For change of lease in the reduction of the scope of lease, the carrying amount of the right-of-use asset is reduced in order to reflect the termination of all or a portion of the lease, and the amount of difference with the lease liability is remeasured for recognition in profit or loss.

The Company presents right-of-use assets and lease liability that do not meet the definition of investment property in single items in the balance sheet respectively.

For short-term leases of other equipment and low-value underlying asset leases, the Company chooses not to recognize them as right-of-use assets or lease liabilities, but recognizes relevant lease payments associated with these leases as expenses on a straight-line basis over the lease term.

2. Lessor

For transactions with the Company as the lessor, the lease contracts are classified on the lease establishment date depending on whether nearly all of the risks and remunerations associated with the underlying asset ownership are transferred. If true, it is classified as financial lease; if false, it is classified as operating lease. During evaluation, the Company considers relevant specific indicators including whether the lease period covers the key components of the underlying asset economic lifetime.

If the Company is a sub-lessor, the primary lease and sub-lease transactions are dealt with separately, and the right-of-use assets generated from the primary lease are used to evaluate the classification of the sub-lease transactions. If the primary lease refers to a short-term lease and is exempted for recognition, then the sub-lease transaction shall be classified as operating lease.

If the agreement includes lease and non-lease components, the Company uses the consideration for an amortization contract specified in IFRS 15.

For operating lease, the Company adopts the straight-line basis to recognize the lease

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

payment collected during the lease period as the rental income.

(XIII) Intangible assets

1. Recognition and measurement

Research and development activity related expenses are recognized in profit or loss when such expenses are incurred.

A development expense is capitalized only when it can be measured reliably, product or process technology or commercial feasibility has been reached, future economic benefit is likely to flow into the Company, and the Company has the intention and sufficient resources to complete such development and has further used or sold the asset. Other development expenses are recognized in profit or loss when such expenses are incurred. After the initial recognition, the capitalized development expense is measured based on the amount obtained from the cost less the accumulated amortization and cumulative impairment.

Other intangible assets with limited useful life acquired by the Company, including computer software and other intangible assets, etc., are measured by the cost less the cumulative amortization and cumulative impairment.

2. Subsequent expenditures

Subsequent expenditure is only capitalized when future economic benefits can be added to relevant specific assets. All other expenses are recognized in profit or loss when such expenses are incurred, including internally developed goodwill and brands.

3. Amortisation

Amortization is calculated according to the asset cost less the estimated residual value, and starting from the available-for-use state of the intangible asset, the straight-line approach is used to recognize it in profit or loss for its estimated useful life.

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

(1) Computer software 1 - 3 years

(2) Other intangible assets 10 years

Amortization methods, useful lives and residual values of the intangible assets are reviewed by the Company at each reporting date, and are adjusted appropriately when it is determined necessary.

(XIV) Impairment of non-financial assets

The Company assesses whether there is any indication that there might be an impairment in the carrying amount of non-financial assets (excluding inventory, deferred income tax assets and investment property measured at fair value) on each reporting day. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

For the purpose of testing the impairment, a group of assets of most of the cash inflow that is independent from the cash inflow of other individual assets or asset groups is used as the smallest identifiable asset group. The goodwill obtained from the merger of enterprises is amortized to each cash generating unit or cash generating unit consolidated company that is expected to gain benefits from the synergy of the merger.

The recoverable amount for an individual asset or a cash generating unit is the higher of its fair value less costs of disposal or its value in use. During the assessment of the use value, the future cash flow estimation uses a pre-tax discount rate for calculating the current value, and the discount rate shall reflect the current market assessment on the currency time value and the unit specific risk arising from the asset or cash.

If the recoverable amount of an asset is less than its carrying amount, it is recognized as an

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

impairment loss.

An impairment loss shall be recognized immediately in profit or loss, and the carrying amount of each of the assets is reduced proportionally to the carrying amount of other assets in the unit.

Non-financial assets are reversed only in the range not exceeding the carrying amount (less depreciation or amortization) of the asset that has not been determined during the recognition of the impairment loss in the previous year.

(XV) Provision for liability

Provisions for liabilities are recognized when the Company has an obligation as a result of past events, and the Company is likely to be subject to an outflow of economic resources that will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions for liabilities are discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The amortization of the discount is recognized as interest expense.

1. Restore

According to applicable contracts, when the Company bears the obligation to disassemble, remove or restore the site location for parts of the property, plant and equipment, the present value of cost expected to be incurred due to the disassembly, removal or restoration of the site location is recognized as provision for liabilities.

2. Return and discount of goods

Possible goods return and allowance are estimated according to the empirical value, and they are recognized as the deduction of the sales revenue at the year when the goods are sold. For current obligations arising from past events, the amount and time of occurrence are uncertain; therefore, it is classified as provision for liabilities.

(XVI) Recognition of revenue

1. Revenue from Contracts with Customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for rendering services to its customers. Revenue is recognized in the reporting period when the Company satisfies a performance obligation by transferring its control of the product or service to the customer. The main revenue items of the Company are explained as follows:

(1) Merchandise sales

The Company manufactures panel display screen materials and glass products, and also sells such products. The Company recognizes revenue when the control of products is transferred. Product control transfer refers to when the product has been delivered to the customer, and the customer has the full discretion on the sales channel and price of the product, and the unfulfilled obligations of the customer for accepting the product have not been affected. Delivery refers to a product being transferred to a specific location, and its obsolete and loss risks have been transferred to the customer, and the customer has accepted the product according to the sales contract, the acceptance clauses have become invalid, or the Company has objective evidence to consider that all acceptance criteria have been satisfied.

The company recognizes the accounts receivable upon the delivery of goods since the Company has the right to collect consideration unconditionally at such time point.

2. Components of finance

The Company expects that the time period between the time in the customer contract of transferring products or services to the customer and the time when the customer makes

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

payment for such products or services is less than one year; therefore, the Company has not adjusted the currency time value of the transaction price.

(XVII) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the period during which services are rendered by employees.

2. defined benefit plan

The Company's net obligation under defined benefit plans are determined as the present value of employees' future benefits earned from current or previous services rendered for each benefit plan, and deduct any fair value of plan assets.

Defined benefit obligations are estimated by a qualified actuary using the Projected Unit Credit Method on a yearly basis. Where actuarial results are likely favorable to the Company, the asset recognized is limited to the refunded contribution from the plan, or the present value of economic benefits available in the form of lowering the future contributions to the plan. When calculating present value of economic benefit, the Group takes the minimum contribution requirement of all applicable plans into consideration.

Remeasurement of net defined benefit obligation includes actuarial gains/losses, return on plan assets (excluding interests), and any changes in the effect of the asset ceiling (excluding interests), and such is immediately recognized in other comprehensive income, and accumulated in the retained earnings. When the Company determines the net interest expense (income) of the net defined benefit liability (asset), the net defined benefit liability (asset) and discount rate determined at the beginning of the annual reporting period are adopted. The net interest expenses and gains/losses on defined benefit plan are recognized in profit or loss.

When the plan is amended or reduced, the benefit changes related to the prior service cost or reduced profits or losses are recognized immediately in profit or loss. The Company recognizes gain or loss on the settlement of defined benefit plan at the time it takes place.

3. Short-term employee benefits

Obligations for short-term employee benefits are recognized as expenses in the period when services are provided. When the Company is required to bear current statutory or presumed payment obligation due to the service previously provided by an employee, and when such obligation can be estimated reliably, such amount is recognized as liabilities.

4. Termination benefits

Separation benefits refer to when the Company cannot cancel the offer of such benefits or recognizes relevant restructuring costs, and whichever occurs first is recognized as expense. When the separation benefits are not expected to be fully repaid within 12 months after the report date, they are discounted.

(XVIII) Share-based compensation

Equity-settled share-based payment agreements are recognized as expenses based on the fair value of the provision date and within the receipt period of such compensation, and the relative equity is increased. The expense recognized is adjusted based on the expected compensation amount satisfying the service conditions and the non-market vesting conditions. In addition, the amount finally recognized uses the compensation amount complying with the service conditions and the non-market vesting conditions on the vesting date as the basis for measurement.

The non-vesting conditions of share-based compensation have been reflected in the

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

measurement of the share-based payments and payment date fair value, and it is not required to make verified adjustments for the difference between the expected result and actual result. The fair value amount of cash-settled share appreciation rights offered to employees is recognized as expense and the relative liabilities are increased during the period when the employees satisfy the condition for obtaining the compensation. The liabilities are remeasured according to the fair value of the share appreciation rights on each report date and settlement date, and any change thereof is recognized in profit or loss.

The payment date for the share-based payments of the Company refers to the subscription price approved by the board of directors and the date when employees are permitted to subscribe the shares.

(XIX) Income Taxes

Income tax includes both current tax and deferred tax. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Company determined that the supplementary taxes payable under the GloBE-Pillar 2 fall within the scope of IAS 12 "Income Taxes" and has applied the temporary mandatory exemption from the accounting treatment of deferred income taxes related to the supplementary taxes. The supplementary taxes actually incurred are recognized as current income taxes.

Current taxes comprise the expected tax payable or receivable on the taxable income (or loss) for the year and any adjustment to tax payable or receivable in respect of previous years. The amount is measured according to the statutory rate or the substantive legislative rate on the reporting date in order to present the most optimal estimation value of the expected payment or receipt amount.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at reporting date and their respective tax bases. Temporary differences resulting from the following circumstances shall not be recognized as deferred taxes:

1. An asset or liability recognized initially in a transaction that is not a business combination and that, at the time of the transaction (i) does not affect accounting profit and taxable income (loss) and (ii) does not give rise to equivalent taxable and deductible temporary differences;
2. Temporary differences arising from investments in subsidiaries, associates and joint venture equity where the Company can control the timing of the reversal of the temporary differences and it is more likely that the temporary differences will not reverse in the foreseeable future; and
3. Taxable temporary difference arising from initial recognition of goodwill.

A deferred tax asset shall be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is possible that future taxable profit will be available against which it can be utilized. In addition, such deferred tax assets shall also be reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; or the originally reduced amount is reversed within the scope that it is likely to become sufficient taxable income.

Deferred tax shall be measured at the tax rates that are expected to apply to the period when expected temporary difference is reversed, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax assets and liabilities of the Company are only offset against each other when the following criteria are met:

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

1. The Group has the legal right to settle tax assets and liabilities on a net basis; and
2. The taxing of deferred tax assets and liabilities is related to one of the following taxing authorities of one identical taxation agent for the income tax:
 - (1) Levied by the same taxing authority; or
 - (2) Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities of significant amounts on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation matches with each other.

(XX) Earnings per Share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of the basic earnings per share of the Company is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding. The calculation of the diluted earnings per share is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after the adjustment of the effects of all dilutive potential ordinary shares.

Potential diluted common shares of the Company include convertible corporate bonds and employee stock options.

(XXI) Segment Information

The Company has disclosed the information of segments in the consolidated financial statements; therefore, information of segments is not disclosed in the unconsolidated financial statements.

V. Major Sources of Uncertainty in Significant Accounting Judgments, Estimates and Assumptions

When preparing the parent-company only financial statements, the management is required to make judgments and estimates for the future (including climate-related risks and opportunities). These judgments, estimates, and assumptions may affect the types of accounting policies adopted and amounts of asset, liability, income, and expense reported. Actual results may differ from these estimates.

The management examines its estimates and basic assumptions on an ongoing basis, whether they are consistent to the Company's risk management and climate-related commitments. Changes in estimate are deferred to recognize in the period when the changes take place and in future periods when impacts materialize.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the unconsolidated financial statements.

The following assumptions and uncertainties have major risks that may lead to material adjustments in assets and liability carrying amounts in the next fiscal year, and relevant information is as follows:

(I) Loss allowance for accounts receivable

The loss allowance for accounts receivable of the Company is estimated based on the assumption of the risk of breach and the expected loss rate. The Company considers the historical experience, current market condition and prospective estimation on each reporting date in order to determine the assumption required to be adopted and selection of inputs during the calculation of impairment loss. Please refer to Note 6(3) for detailed descriptions of related assumptions and input values.

(II) Fair value of investment properties

The subsequent measurement of investment property of the Company adopts the discounted

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

cash flow analysis method under the income approach for valuation. The input used in the fair value valuation technique is Level 3.

The accounting policies and disclosures of the Company include the use of fair value to measure its financial, non-financial assets and liabilities. The Company establishes a relevant internal control system for the fair value measurement, and the Financial Department is responsible for verifying all material fair value measurements (including Level 3 fair value) and periodically verifies the material inputs and adjustment that cannot be observed. If the inputs used in the measurement of fair value use external third party information, the Financial Department evaluates the evidence that supports the inputs provided by the third party in order to determine that the valuation and its fair value level classification comply with the requirements of the IFRSs. For the property of the Company, it is assumed that the Company has retained an external appraiser to perform appraisal according to the valuation method and parameters announced by the FSC.

When the Company measures its assets and liabilities, it uses the observable inputs in the market as much as possible. The levels of fair value are classified in the following different levels according to the inputs used in the valuation technique:

- Level 1: Public quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Input parameters other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Input parameters of assets or liabilities not based on the observable market information (non-observable parameters).

In case of any transfer event or condition of fair value among levels, the Company recognizes such transfer at the report date.

For relevant information on the assumptions used in measuring fair value, please refer to Note 6 (7) Investment Properties.

VI. Description of Material Accounting Items

(I) Cash and cash equivalents

	2024.12.31	2023.12.31
Cash on hand and petty cash	\$ 812	685
Demand deposits	390,804	382,061
Checking accounts	40	40
Time deposits	452,785	117,115
	\$ 844,441	499,901

1. The above-mentioned cash and cash equivalents are not collateralized. The pledged time deposits have been transferred to other financial assets. Please refer to Note 8 for details.

2. Please refer to Note 6 (21) for disclosure of interest rate risk and sensitivity analysis of the Company's financial assets and liabilities.

(II) Financial assets at fair value through profit or loss

	2024.12.31	2023.12.31
Designated as financial assets at fair value through profit or loss:		
Domestic TWSE/TPex listing shares	\$ 3,963	324
Foreign unlisting shares	24,133	-

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Beneficiary certificates	391	-
Simple Agreement for Future Equity (SAFE)	75,827	-
Total	\$ 104,314	324

1. Please refer to Note 6 (20) for the amounts remeasured at fair value and recognized in profit or loss.
2. The above-mentioned financial assets have not been provided as collateral.

(III) Notes and accounts payable (related parties included)

	<u>2024.12.31</u>	<u>2023.12.31</u>
Notes receivable	\$ 18,428	23,884
Accounts receivable	367,322	586,007
Accounts receivable - related parties	3,829	2,757
Less: Allowance for loss	(38,929)	(202,982)
	\$ 350,650	409,666

The Company applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all notes and account receivables. To measure the expected credit losses, the notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including overall economic and relevant industry information. The expected credit loss analysis for notes and accounts receivables of the Company is as follows:

	<u>2024.12.31</u>		
	<u>Carrying amounts of notes receivable and accounts receivable</u>	<u>Weighted average expected credit loss rate</u>	<u>Estimated credit loss during existence of allowances</u>
Not overdue	\$ 337,228	0%~0.56%	1,882
Overdue for less than 90 days	2,359	0%~18.50%	437
Overdue for more than 91 days	49,991	0%~100%	36,610
	\$ 389,578		38,929

	<u>2023.12.31</u>		
	<u>Carrying amounts of notes receivable and accounts receivable</u>	<u>Weighted average expected credit loss rate</u>	<u>Estimated credit loss during existence of allowances</u>
Not overdue	\$ 394,939	0%~0.7%	2,759
Overdue for less than 90 days	7,519	0%~21.28%	1,601
Overdue for more than 91 days	210,190	0%~100%	198,622
	\$ 612,648		202,982

The movement in the allowance for impairment with respect to notes and accounts receivable of the Company is as follows:

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

	2024	2023
Beginning retained earnings	\$ 202,982	202,115
Impairment loss recognized	-	867
Amount written off due to irrecoverability during the year	(148,301)	-
Impairment loss reversed	(15,752)	-
Balance at end of the period	\$ 38,929	202,982

1. The amount written off due to irrecoverability during the year is accounts receivable that are overdue for 90 days or more; mainly from a major customer. The customer purchased optical adhesive products from the Company and sold them to large-scale manufacturers of various types of liquid crystal displays in Shenzhen, China. Due to the impact of the COVID-19 pandemic outbreak on the upstream and downstream supply chain operations, payment of the goods was suspended. In order to protect its own rights and interests, the Company has filed a civil lawsuit with the Intermediate People's Court of Xiamen, China, and made a loss allowance.

The Intermediate People's Court of Xiamen City, China rendered the judgment in favor of the consolidated company on March 23, 2023. That is, the customer was required to repay the original loan plus the interest for overdue payment. The customer was declared bankrupt by the court on August 23, 2022. Therefore, the relevant interest is calculated from the original due date to the date when the bankruptcy takes effect. As of December 31, 2024, the bankruptcy distribution funds had been obtained and the unrecoverable amounts had been written off.

2. None of the Company's inventory was pledged as collaterals as of December 31, 2024 and 2023.

3. Please refer to Note 6 (21) for details of relevant credit risk and exchange rate risk.

(IV) Inventories

	2024.12.31	2023.12.31
Raw materials and supplies	\$ 42,567	39,973
Work in progress	8,176	12,463
Finished goods	110,735	100,358
Merchandise inventory	12,441	-
	\$ 173,919	152,794

1. Below are details of the Company's expenses related to inventories recognized for 2024 and 2023:

	2024	2023
Inventory sale recognition	\$ 1,959,987	1,627,652
(Reversal of) write-down of inventories	1,804	(8,962)
	\$ 1,961,791	1,618,690

2. None of the Company's inventory was pledged as collaterals as of December 31, 2024 and 2023.

(V) Investment by the equity method

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

The investments of the Company accounted for using the equity method at the report date are as follows:

	2024.12.31	2023.12.31
Subsidiaries	\$ 186,839	114,977

1. Subsidiaries

Please refer to the consolidated financial reports for 2024.

2. Collateral

As of December 31, 2024 and 2023, the investments of the Company using equity method have not been pledged for collaterals.

(VI) Property, plant and equipment

The details of movement of costs, depreciation and impairment losses for property, plant and equipment of the Company during 2024 and 2023 are as below:

	Land	Houses and buildings	Machinery and equipment	Other equipment	Leasehold improvement	Uncompleted projects and equipment to be inspected	Total
Cost or deemed cost:							
Balance on January 1, 2024	\$319,648	1,375,883	258,357	37,427	16,518	43,324	2,051,157
Additions	-	8,208	21,827	839	450	8,839	40,163
Disposals and retirements	-	(29,354)	(23,349)	(808)	-	-	(53,511)
Reclassifications	-	37,469	-	-	-	(37,469)	-
Balance on December 31, 2024	\$319,648	1,392,206	256,835	37,458	16,968	14,694	2,037,809
Balance on January 1, 2023	\$319,648	1,398,154	951,168	23,834	16,518	55,171	2,764,493
Additions	-	1,412	5,987	7,194	-	15,770	30,363
Disposals and retirements	-	(27,675)	(761,202)	(8,560)	-	-	(797,437)
Reclassifications	-	3,992	62,404	14,959	-	(27,617)	53,738
Balance on December 31, 2023	\$319,648	1,375,883	258,357	37,427	16,518	43,324	2,051,157
Depreciation and impairment loss:							
Balance on January 1, 2024	\$ -	723,260	67,611	9,546	16,518	-	816,935
Depreciation in the current year	-	68,640	29,517	9,028	215	-	107,400
Disposals and retirements	-	(29,354)	(23,349)	(808)	-	-	(53,511)
Balance on December 31, 2024	\$ -	762,546	73,779	17,766	16,733	-	870,824
Balance on January 1, 2023	\$ -	682,388	792,746	10,538	16,518	-	1,502,190
Depreciation in the current year	-	68,547	36,089	7,568	-	-	112,204
Disposals and retirements	-	(27,675)	(761,224)	(8,560)	-	-	(797,459)
Balance on December 31, 2023	\$ -	723,260	67,611	9,546	16,518	-	816,935
Carrying value:							
December 31, 2024	\$ 319,648	629,660	183,056	19,692	235	14,694	1,166,985
January 1, 2023	\$ 319,648	715,766	158,422	13,296	-	55,171	1,262,303
December 31, 2023	\$ 319,648	652,623	190,746	27,881	-	43,324	1,234,222

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

1. As of December 31, 2024 and 2023, part of the property, plant and equipment has been provided to financial institutions as collaterals. Please refer to Note 8 for details.

(VII) Investment Property

Investment properties are the sel-owned assets held by the Company. Details of changes are as follows:

	Proprietary assets		
	Land	Houses and buildings	Total
Cost or deemed cost:			
Balance on January 1, 2024	\$ 469,576	677,680	1,147,256
Net gain (loss) arising from fair value adjustments	48,812	(47,732)	1,080
End balance on December 31, 2024	<u>\$ 518,388</u>	<u>629,948</u>	<u>1,148,336</u>
Beginning balance on January 1, 2023	\$ 419,368	726,623	1,145,991
Net gain (loss) arising from fair value adjustments	50,208	(48,943)	1,265
Balance on December 31, 2023	<u>\$ 469,576</u>	<u>677,680</u>	<u>1,147,256</u>

The inputs used in the fair value valuation technique for the subsequent measurement of investment property of the Company belongs to Level 3. Please refer to the aforementioned statement of change for details of the adjustment of carrying amounts at the beginning and end of the period for Level 3. Besides, there were no transfers to or from Level 3 of the fair value hierarchy in the current period.

For the subsequent measurement of investment property of the Company adopting the discounted cash flow analysis method under income approach for valuation, relevant important contract terms and valuation information is as follows:

1. December 31, 2024

The lease of the underlying property was terminated in November 2024, and a tenant was still being recruiting as of December 31, 2024, with no new lease having been established.

Subject property	Land and buildings of three factories in
Important contract terms	1. Rent: NT\$5,867 thousand/ month 2. Lease term: 136 months 3. The total amount of taxes and levies that the lessor will bear each year in the future: NT\$2,771 thousand
Local rent status	NT\$ 130~NT\$ 160/m2/month
Rent status of similar property	NT\$ 140/m2/month
Current condition	Normal use

Subject property	Land and buildings of three factories in
Past income amount	NT\$ 140/m2/month
Income capitalization rate	5.416%
Discount rate	4.120%
Outsourced or own appraisal	Outsourced appraisal
Appraisal firm	Hua Shin Appraisers Firm

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Name of appraiser	Chen-Hsu Chiang, Chih-Ming Cheng
Date of appraisal	2024/9/30
Outsourced appraisal fair value	NT\$ 1,148,336 thousand

2. December 31, 2023

<u>Subject property</u>	<u>Land and buildings of three factories in</u>
Important contract terms	1. Rent: NT\$5,867 thousand/ month 2. Lease term: 136 months 3. The total amount of taxes and levies that the lessor will bear each year in the future: NT\$2,806 thousand
Local rent status	NT\$ 130~NT\$ 160/m ² /month
Rent status of similar property	NT\$ 140/m ² /month
Current condition	Normal use
Past income amount	NT\$ 140/m ² /month
Income capitalization rate	5.467%
Discount rate	4.345%
Outsourced or own appraisal	Outsourced appraisal
Appraisal firm	Hua Shin Appraisers Firm
Name of appraiser	Chen-Hsu Chiang, Chih-Ming Cheng
Date of appraisal	September 30, 2023
Outsourced appraisal fair value	NT\$ 1,147,256 thousand

According to Article 34 of the Technical Rules for Real Estate Valuation, the valuation procedures of the equity method include calculating effective gross income, total expenses, net profit, discount rate and earnings price. The estimation of the aforementioned parameters refers to relevant data of the subject property for appraisal and comparable property with identical or similar characteristics in the most recent three years. Adjustment is made through comprehensive determination of the continuity, stability and growth status in order to confirm the availability and reasonableness of the data. The change status of the income (cash inflow) and expense (cash outflow) of each period is determined based on the past income and expense (cash flow) of the subject property, comparable property income and expense (cash flow) in the same industry or substituting comparable property, idle or loss ratio and present or possible planned income and expense in the future. The objective net income after the deduction of total expense from the total revenue is based on the objective net income of the subject property under the most effective use, and the incomes of similar properties in the neighborhood under the most effective use conditions are used as a reference for the estimation.

The determination of the discount rate adopts the risk premium method, and it considers the factors of the time deposit interest rate of the bank, government bond interest rate, risk of property investment, currency change status and change trend of property price, etc., in order to determine the likely rate of return on the most common investment, thereby adjusting the differences of individual characteristics between the investment and the subject property. The discount rate for this is based on the flexible interest rate of small-amount deposit under the two-year postal time deposit announced by Chunghwa Post Corporation, plus 0.75 percentage point as the base interest rate, 2.470%, while taking the underlying asset's yield, liquidity, risk, appreciation, and management difficulty into account, a risk premium of 1.65% and 2.0% was added as of December 31, 2024 and

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

2023, respectively, to determine the underlying asset's discount rates as 4.120% and 4.345%, respectively. For estimation of revenue capitalization, after dividing the net profit of the subject property for comparison by the price, the revenue capitalization rate as of December 31, 2022 and 2021 was calculated as 5.416% and 5.467% respectively by weighted average.

The aforementioned fair value valuation technique and material unobservable inputs are explained in the following table:

Fair value valuation technique	Material unobservable inputs	Relationships between material unobservable inputs and fair value measurements
<p>Perform discounted cash flow analysis under income approach for evaluation based on the contract rent provided by the Company during the lease term, and after the lease term expires, the evaluation is performed based on the market rent.</p> <p>Discounted cash flow analysis under income approach: This refers to the net income and value at the end of the period during the future discounted cash flow of the subject property analysis period, and after discount at appropriate discount rate the sum of the estimated subject property values are added. Such method is applicable to the property investment evaluation for the purpose of investment.</p>	<p>● Discount rate after risk adjustment (On December 31, 2024 and 2023, the discount rates are 4.120% and 4.345%, respectively).</p>	<p>The estimated fair value will be increased (or decreased) if:</p> <p>● Discount rate after risk adjustment decreases (increases).</p>

For the investment properties of the Company pledged as collaterals as of December 31, 2024 and 2023, please refer to Note 8.

(VIII) Other financial assets (current and non-current included)

	2024.12.31	2023.12.31
Time deposit - pledged as collateral	\$ 336,432	63,978
Restricted demand deposit	-	342,000
Accrued rent receivable	-	4,316
Income tax refund receivable	3,477	1,456
Refundable deposits - non-current	4,568	4,739
Others	203	44
	<u>\$ 344,680</u>	<u>416,533</u>

Please refer to Note 8 for the other financial assets pledged as collateral.

(IX) Short-term borrowings

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Statement of short-term borrowings of the Company is as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Unsecured bank loans	\$ 367,748	132,000
Secured bank loans	333,000	250,000
	<u>\$ 700,748</u>	<u>382,000</u>
Unused amount	<u>\$ -</u>	<u>140,000</u>
Interest rate interval	<u>2.21%~2.968%</u>	<u>2.47%~2.67%</u>

Please refer to Note 8 for details of the use of partial assets of the Company as collateral for short-term bank loans.

(X) Long-term loan

Statement, criteria and terms of long-term borrowings of the Company are as follows:

	<u>2024.12.31</u>			
	<u>Currency type</u>	<u>Interest rate interval</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	NTD	2.22%~2.41%	2025~2026	\$ 43,250
Secured bank loans	NTD	2.22%~2.59%	2027~2031	1,297,500
				1,340,750
Less: Portion with maturity due in one year				<u>(184,491)</u>
Total				<u>\$ 1,156,259</u>
Unused amount				<u>\$ 200,000</u>

	<u>2023.12.31</u>			
	<u>Currency type</u>	<u>Interest rate interval</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	NTD	2.095%~2.29%	2025~2026	\$ 139,125
Secured bank loans	NTD	2.095%~2.67%	2027~2028	1,230,452
				1,369,577
Less: Portion with maturity due in one year				<u>(201,701)</u>
Total				<u>\$ 1,167,876</u>
Unused amount				<u>\$ -</u>

Please refer to Note 8 for details on the status of the collaterals provided for bank loans with a portion of assets under pledge setting of the Company.

(XI) Corporate bonds payable

Information on the Company's issuance of secured convertible bonds is as follows.

	<u>2023.12.31</u>
Total amount of issued convertible bonds	\$ 500,000
Unamortized amount of discount on bonds payable	(1,386)
Less: Due in one year	<u>(498,614)</u>
Ending balance of bonds payable	<u>\$ -</u>
	<u>2023</u>
Equity component—conversion option (recognized as capital surplus—share option)	<u>\$ 12,724</u>

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

	2024	2023
Interest expense	\$ 1,386	5,817

On March 26, 2021, the Company issued 5,000 three-year secured convertible corporate bonds with a coupon rate of 0% and a par value of NT\$100 thousand, and the effective interest rate was 1.33%.

At the time of issuance, the conversion price was determined as NT\$ 35.86 per share. Where the Company issued ordinary shares in compliance with the issuance clauses on adjustment of conversion price, the conversion price shall be adjusted as per the formula specified under the issuance clauses. No terms are re-established for these bonds.

In May 2022, the Company handled formalities for capital increase in cash. According to Article 11 of the Rules Governing Domestic Third Issuance and Conversion of Secured Convertible Corporate Bonds, the conversion price shall be adjusted. From May 23, 2022, the conversion price was adjusted from NT\$ 35.86 to NT\$ 35.57.

The Company decreased its capital in August 2023 to offset its accumulated losses. According to Article 11 of the Third Domestic Secured Convertible Corporate Bond Issuance and Conversion Procedures, the conversion price shall be adjusted. Effective on August 17, 2023, the conversion price was adjusted from NT\$35.57 to NT\$55.29.

The Company has redeemed the above-mentioned corporate bonds on April 8, 2024, at a repayment amount of NT\$500,000 thousand.

(XII) Operating lease

The Company leases out its investment properties and some of its plants. Since it does not transfer substantially all the risks and rewards incidental to the ownership of the underlying assets, these lease contracts are classified as operating leases. Please refer to Note 6 (7) Investment Properties for details.

The due lease payment is analyzed based on the undiscounted lease payment total amount that will be collected after the report date, as described in the following table:

	2023.12.31
Less than one year	\$ 72,762
One to two years	72,762
Two to three years	72,762
Three to four years	72,762
Four to five years	68,133
More than five years	206,730
Undiscounted lease payment total amount	\$ 565,911

The rental income generated from investment properties in 2024 and 2023 was NT\$54,000 thousand and NT\$72,672 thousand respectively.

The original lessee signed a settlement agreement with the Company on November 19, 2024 and completed the lease termination on November 25. As of December 31, 2024, there was no new tenant for the Company's investment properties.

(XIII) Employee benefits

1. defined benefit plan

The reconciliation of the present value of the Company's defined benefit obligations and

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

the fair value of plan assets is as follows:

	2024.12.31
Present value of a defined benefit obligation	\$ 637
Fair value of plan assets	<u>(6)</u>
Net defined benefit liabilities	<u>\$ 631</u>

The details of the Company's employee benefit liabilities are as below:

	2024.12.31	2023.12.31
Short-term leave with pay liabilities	<u>\$ 8,457</u>	<u>9,070</u>

Contributions for defined benefit plan are made to a dedicated pension fund account opened with Bank of Taiwan. For retirees who opted for the pension scheme mentioned in the Labor Standards Act, the amount of pension benefit is calculated based on average salary for the six months preceding their retirement and the number of basis points accumulated over the duration of their service.

(1) Composition of plan assets

Pension fund contributions that the parent-company only Entity has made in accordance with the Labor Standards Act are collectively managed by the Bureau of Labor Funds (BLF), Ministry of Labor. Pursuant to "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," plan assets can only be allocated to investments that offer annual yields higher than the 2-year time deposit rate quoted by local banks.

As at the reporting date, balance of the Group's labor pension reserve account held with Bank of Taiwan totaled NT\$6 thousand. Please visit the BLF website for more information such as fund yield and allocation of fund assets.

(2) Changes in present value of defined benefit obligations

The Company's changes in present value of defined benefit obligations for 2024 and 2023 are explained below:

	2024
Defined benefit obligations as at January 1	\$ -
Service cost and interest in the current period	6
Past service cost	<u>631</u>
Defined benefit obligation on December 31	<u>\$ 637</u>

(3) Changes in the present fair value of plan assets

The Company's changes in present fair value of defined benefit plan assets for 2024 are as below:

	2024
Fair value of plan assets on January 1	\$ -
Interest income	-
Amount contributed to the plan	<u>6</u>
Fair value of plan assets on December 31	<u>\$ 6</u>

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

- (4) Expenses recognized as profit and loss
 Details of these recognized as expenses by the Company for 2024 are explained below:

	2024
Service cost in the current period	\$ 6
Past service cost	631
	\$ 637
 Operating costs	 \$ 637

- (5) Actuarial assumptions
 Key actuarial assumptions that the parent-company only Entity had made to determine the present value of defined benefit obligations as at the reporting date are as follows:

	2024.12.31
Discount rate	1.75%
Future salary increase rate	2.00%

The Company expects to contribute NT\$76 thousand to the defined benefit plan within one year from the 2024 reporting date.

The defined benefit plan has a weighted average duration of 24 years.

- (6) Sensitivity analysis
 The following shows impact of changes in actuarial assumption on the present value of defined benefit obligations as at December 31, 2024

	Impact on defined benefit obligations	
	Increased by 0.25%	Decreased by 0.25%
December 31, 2024		
Discount rate	\$ (37)	39
Future salary increase	39	(36)

The above sensitivity analysis assumes changes to one variable at a time while keeping all other variables constant. In reality, however, multiple assumptions may change at the same time and are related to each other. The sensitivity analysis was conducted using the same method as how net pension liabilities are presented in the balance sheet.

2. Defined contribution plans

According to the defined contribution plan of the Company, 6.00% shall be appropriated from the labor workers' monthly salaries to their individual pension accounts as specified by the Rules on Labor Workers' Pensions. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

Below are details of the Company's expenses generated from the share-based payment for 2024 and 2023:

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

	2024	2023
Operating costs	\$ 7,611	8,550
Selling and marketing expenses	1,155	1,194
Administrative expenses	2,389	2,351
Research and development expenses	2,000	1,980
	\$ 13,155	14,075

(XIV) Income Taxes

1. Below are details of the Company's income tax expenses for 2024 and 2023:

	2024	2023
Current tax expenses		
Incurred during the period	\$ 2	-
Deferred tax expenses		
The occurrence and incurrence of the temporary differences	2,052	-
income tax expense	\$ 2,054	-

2. The Company's reconciliation of income tax expense and net loss before tax for 2024 and 2023:

	2024	2023
Loss before tax	\$ (238,705)	(117,836)
Income tax calculated according to the domestic tax rate of the country of the Company	(47,741)	(23,567)
Permanent differences	1,134	-
Change of unrecognized temporary differences	48,661	23,567
income tax expense	\$ 2,054	-

3. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

The items not recognized as deferred tax assets by the Company are as follows:

	2024.12.31	2023.12.31
Deductible temporary differences	\$ 3,705	41,709
Aggregate amount of temporary differences related to investments in subsidiaries	405,134	406,635
Tax loss	1,089,270	1,234,338
	\$ 1,498,109	1,682,682

Regarding tax losses, according to the provisions of the Income Tax Act specifying that losses of the past ten years approved by the taxation authority may be deducted from the net profit of the current year, followed by the payment of the income tax. The reason for not recognizing such items as deferred income tax assets is because the Company is not very likely to have sufficient taxable income in the future for

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

deductible temporary difference use.

As at December 31, 2024, the tax losses that were not recognized as deferred income tax asset by the Company, can be deducted until the following dates :

<u>Year with loss</u>	<u>Non-deducted loss</u>	<u>Final year for deduction</u>
Approved value for 2015	\$ 1,073,944	2025
Approved value for 2016	457,378	2026
Approved value for 2017	1,862,692	2027
Approved value for 2018	337,430	2028
Approved value for 2019	346,172	2029
Approved value for 2020	254,791	2030
Approved value for 2021	245,323	2031
Amount assessed of 2022	464,316	2032
Amount reported of 2023	194,362	2033
Amount expected of 2024	209,940	2034
	<u>\$ 5,446,348</u>	

(2) Recognized deferred income tax assets and liabilities

Below are changes in the Group's income tax assets and liabilities for 2024 and 2023:

Deferred tax assets:

	<u>Loss deduction</u>
January 1, 2024	\$ 8,617
Recognized in income statement	3,849
December 31, 2024	<u>\$ 12,466</u>
January 1, 2023	\$ 5,037
Recognized in income statement	3,580
December 31, 2023	<u>\$ 8,617</u>

Deferred income tax liabilities:

	<u>Unrealized exchange gains</u>	<u>Investment Property</u>	<u>Total</u>
January 1, 2024	\$ -	57,425	57,425
Recognized as profit or loss	2,051	3,850	5,901
December 31, 2024	<u>\$ 2,051</u>	<u>61,275</u>	<u>63,326</u>
January 1, 2023	\$ -	53,846	53,846
Recognized in income statement	-	3,579	3,579
December 31, 2023	<u>\$ -</u>	<u>57,425</u>	<u>57,425</u>

4. The Company's profit-seeking enterprise income tax returns have been assessed by the tax authority up till 2022.

(XV) Capital and other equity

1. Ordinary share

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

As of December 31, 2024 and 2023, the total authorized capital of the Company was NT\$5,000,000 thousand, with a par value of NT\$10 per share and 500,000 thousand shares. All shares concerned in the foregoing authorized share capital were ordinary shares. In 2022 and 2021, 186,234 thousand and 144,330 thousand shares were issued respectively. All proceeds from shares issued have been collected.

On March 5, 2024, the Board of Directors resolved to issue new shares for cash capital increase. The proposed issuance of 40,000 thousand common shares was approved by the Financial Supervisory Commission on April 24, 2024, and the Board of Directors authorized the Chairperson to determine the issue price to be NT\$19.6, with a total issue price of NT\$784,000 thousand. June 19, 2024 was the base date for the capital increase, and the statutory registration procedures were completed on July 17 of the same year. In addition, the Company reserves 10% of the new shares issued in the capital increase for employee subscription in accordance with Article 267 of the Company Act, and recognizes the compensation costs of NT\$21,600 thousand on the grant date.

On June 21, 2023, the Company, upon the resolution of the shareholders' meeting, decrease the capital to offset losses. The amount of capital decrease was NT\$800,000 thousand, and 80,000 thousand issued shares were cancelled, with a capital decrease ratio of 35.68%. The Financial Supervisory Commission approved the filing and took effect on August 9, 2023. August 17, 2023 was set as the base date for capital decrease. The change registration has been completed with the Ministry of Economic Affairs.

The Company's employees exercised 1,628 thousand employee warrants in 2024, of which 585 thousand shares, 350 thousand shares, and 693 thousand shares were completed with the change registrations on June 6, October 4, and November 26, 2024, respectively.

2. Capital surplus

The capital surplus balance content of the Company is as follows:

	2024.12.31	2023.12.31
Share premium	\$ 408,883	3,258
Share-based Payment	15,083	6,632
Convertible corporate bonds	12,724	12,724
	\$ 436,690	22,614

In accordance with the Company Act, after having first offset losses using capital surplus, the realized capital surplus can be used to issue new shares or cash dividends according to the original percentage of shares of shareholders. The aforementioned realized capital surplus includes share premiums from the outstanding shares issued at a price above the par value and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to increase share capital shall not exceed 10% of the paid-in capital amount.

On May 27, 2024 and June 21, 2023, the Company, upon the resolution of the shareholders' meeting, to offset the losses in 2023 and 2022, by using capital reserves of NT\$578 thousand and NT\$176,915 thousand, respectively. Relevant information can be found at the MOPS and other channels.

3. Retained earnings

According to the Company's Articles of Incorporation, the Company's surplus distribution or loss allowance may be made after the end of each half of the fiscal year. If

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

there is a surplus in the final accounts for each half of the fiscal year, the Company shall first pay off taxes, make up for accumulated losses, estimate and reserve employee compensation, and then set aside 10% as legal reserve. However, this provision shall not apply if the statutory surplus reserve has reached the total capital of the Company. Meanwhile, the special reserve shall be allocated or reverse according to the laws and regulations or the competent authority's regulations. If there is any surplus, the balance plus the accumulated undistributed earnings in the first half of the fiscal year shall be distributed as the shareholder dividends subject to the distribution plan proposed by the Board of Directors. If the dividends are distributed in the form of new shares, the distribution shall be subject to the resolution of a shareholders' meeting, while if they are distributed in cash, the distribution shall be subject to the resolution of the Board of Directors.

If there is a surplus in the Company's annual final accounts, the Company shall first pay off the taxes, make up for the accumulated losses and allocate 10% as statutory surplus reserve. However, this provision shall not apply if the statutory surplus reserve has reached the total capital of the Company. Meanwhile, the special reserve shall be allocated or reverse according to the laws and regulations or the competent authority's regulations. If there is any surplus, the balance plus the accumulated undistributed earnings in the first half of the fiscal year shall be distributed as the shareholder dividends subject to the distribution plan proposed by the Board of Directors. If the dividends are distributed in the form of new shares, the distribution shall be subject to the resolution of a shareholders' meeting.

If the Company intends to distribute all or part of the dividends, bonuses, statutory surplus reserve or capital reserve in cash, the proposal shall be authorized by a board of directors meeting with over 2/3 of the entire board members attending and approval of over half of those present at the meeting and then submit the proposal to the shareholders' meeting for resolution.

The Company is currently in a growing phase, and will strive for business development and expansion in the future. The Company's surplus distribution shall be made based on its future capital expenditure budget and capital needs. However, the distribution of shareholders' dividends shall not be less than 20% of the lower value of the earnings after tax or distributable earnings of the current period. Among the dividends distributed in the current year, the cash dividends shall not be less than 50%.

(1) Statutory reserves

When a company incurs no loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or cash; however, it shall be limited to the portion of legal reserve exceeding 25% of the issued share capital.

(2) Earning distribution

On May 27, 2024, and on June 21, 2023, the Company, upon the resolutions of the shareholders' meetings, offset the losses of 2023 and 2022. Relevant information can be found at the MOPS and other channels.

The Company had accumulated losses as of June 30, 2024 and 2023, and therefore it did not intend to distribute earnings for the first half of 2024 and 2023.

4. Other equity (net after tax)

Difference in exchange from the conversion of	Revalued amount of	<u>Total</u>
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Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

	<u>financial statements of overseas operating entities</u>	<u>property</u>	
Balance on January 1, 2024	\$ 165,980	312,687	478,667
Share of translation difference of subsidiaries under the equity method	5,482	-	5,482
Balance on December 31, 2024	<u>\$ 171,462</u>	<u>312,687</u>	<u>484,149</u>
Balance on January 1, 2023	\$ 167,361	312,687	480,048
Share of translation difference of subsidiaries under the equity method	(1,381)	-	(1,381)
Balance on December 31, 2023	<u>\$ 165,980</u>	<u>312,687</u>	<u>478,667</u>

(XVI) Share-based Payment

1. As of December 31, 2024 and 2023, the Company had the following share-based payment transactions:

	<u>Equity transactions</u>
Type	<u>Employee stock option</u>
Grant date	2020-09-17
Grant quantity (thousand/unit)	3,000
Contract period	4 years
Vesting conditions	Immediate vesting
Actual turnover rate of current period	0%
Estimated turnover rate for the future	0%

On August 21, 2020, the Company issued employee stock options as resolved by the Board of Directors, and a total of 3,000 thousand ordinary shares. The closing price of the Company's ordinary shares on the issue date was determined as the subscription price. The employee stock options were issued within one year after the competent authority's notice regarding declaration effectiveness expired, once or twice dependent upon the actual needs. The aforementioned issued employee stock options took effect on September 16, 2020 after declaration to the Securities and Futures Bureau, Financial Supervisory Commission. On September 17, 2020, all the employee stock options were issued as resolved by the Board of Directors at fair value of NT\$ 10.4 on the grant date. On May 23, 2022, capital was increased, and the fair value was adjusted as NT\$ 10.3. For the capital decrease to offset losses on August 17, 2023, the fair value was adjusted to NT\$16.0. For the cash capital increase on June 19, 2024, the fair value was adjusted to NT\$15.2.

Except that subscribers shall comply with the transfer suspension period of two years after the grant of employee stock options according to the law, the accumulated exercisable subscription rights ratio is as follows:

<u>Stock warrants grant period</u>	<u>2020</u>
Matured for two years	60%
Matured for three years	100%

2. Parameters for measuring fair value on the grant date

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

The Company estimated the fair value of the share-based payments on the grant date with Black-Scholes option evaluation mode. The inputs of this mode are as follows:

	<u>2020</u>
Dividend rate (Note)	-%
Expected volatility (%)	45.77%
Expected life of stock options (years)	4 years
Risk-free interest rate (%)	0.2916%

Note: Pursuant to the Company's 2020 employee warrant issuance policy, the subscription price will be adjusted proportionally as the dividend distribution (anti-dilution price adjustment), so it is not included in the calculation.

3. The detailed information of the above-mentioned employee warrant certificates is as follows:

	<u>2024</u>		<u>2023</u>	
	<u>Weighted average strike price (NT\$)</u>	<u>Number of stock options (thousand)</u>	<u>Weighted average strike price (NT\$)</u>	<u>Number of stock options (thousand)</u>
Outstanding on January 1	\$ 16.00	1,788	10.30	2,208
Loss quantity of current period	15.20	(160)	-	-
Quantity exercised in the period (before capital increase)	16.00	(735)	-	-
Quantity exercised in the period (after capital increase)	15.20	(893)	-	-
Execution quantity in the current period (before capital reduction)	-	-	10.30	(144)
Execution quantity in the current period (after capital reduction)	-	-	16.00	(276)
Outstanding on December 31	<u>\$ -</u>	<u>-</u>	<u>16.00</u>	<u>1,788</u>

The information on the outstanding warrants of the Company as of December 31, 2024 and 2023 is as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Exercise price interval	15.2 ~ 16.00	10.30 ~ 16.00
Weighted-average remaining contractual life (years)	-	0.75

4. Employee expenses

The expenses incurred by the Company for share-based payments in 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Expenses arising from employee stock options	<u>\$ -</u>	<u>1,052</u>

(XVII) Losses per share

	<u>2024</u>	<u>2023</u>
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Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Basic loss per share

Loss attributable to common shareholders of the Company	<u>\$ (240,759)</u>	<u>(117,836)</u>
Number of common shares with retroactive adjustment outstanding shares for basic loss per share	<u>166,483</u>	<u>144,280</u>
Basic losses per share	<u>\$ (1.45)</u>	<u>(0.82)</u>

1. The Company has designated August 17, 2023 as the base date for capital decrease, and shall retrospectively present the loss per share of the current and comparative periods in accordance with paragraph 64 of IAS 33, "Earnings per Share."
2. The Company suffered losses in both 2024 and 2023, and there was no dilution effect, so no diluted earnings per share were disclosed.

(XVIII) Compensation of employees and directors

According to the Company's Articles of Incorporation, if the Company makes a profit during the year (the so-called profit refers to the pre-tax profit before the distribution of remuneration to employees and directors), 8% thereof shall be allocated as the remuneration to employees and no more than 0.01% thereof as the remuneration to directors. However, if the Company still has accumulated losses, profits shall be reserved for making up the accumulated losses first. The employee remuneration may be made in the form of shares or cash, and the subjects for receiving the shares or cash may include employees of the affiliated companies meeting certain specific criteria and the board of directors shall be authorized to establish said specific criteria. The preceding two paragraphs shall be executed in accordance with the resolution of the Board of Directors meeting and shall be reported to the shareholder meeting.

The Company had losses to be offset in both 2024 and 2023, so it is not required to estimate employees and directors' remuneration. Relevant information can be found at the MOPS.

(XIX) Revenue from Contracts with Customers

1. Disaggregation of revenue

	2024			
	Optoelectronics	Green building industry	Others	Total
Primary regional markets:				
Taiwan	\$ 467,810	213,369	22,841	704,020
Mainland China	11,036	-	193,627	204,663
United States	91,983	-	930,549	1,022,532
Others	28,375	-	24,695	53,070
	<u>\$ 599,204</u>	<u>213,369</u>	<u>1,171,712</u>	<u>1,984,285</u>
Primary product/service line:				
Photoelectric glass	\$ 599,204	-	-	599,204
Green building glass	-	213,369	-	213,369
Others	-	-	1,171,712	1,171,712
	<u>\$ 599,204</u>	<u>213,369</u>	<u>1,171,712</u>	<u>1,984,285</u>
	2023			
	Optoelectronics	Green building	Others	Total

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

	<u>industry</u>			
Primary regional markets:				
Taiwan	\$ 446,491	224,927	48,978	720,396
Mainland China	28,483	-	473,792	502,275
United States	62,538	-	306,364	368,902
Others	65,802	-	21,251	87,053
	<u>\$ 603,314</u>	<u>224,927</u>	<u>850,385</u>	<u>1,678,626</u>
Main products:				
Photoelectric glass	\$ 603,314	-	-	603,314
Green building glass	-	224,927	-	224,927
Others	-	-	850,385	850,385
	<u>\$ 603,314</u>	<u>224,927</u>	<u>850,385</u>	<u>1,678,626</u>

2. Balance of contract

	<u>2024.12.31</u>	<u>2023.12.31</u>	<u>2023.1.1</u>
Notes and accounts receivable	\$ 389,579	612,648	775,871
Less: Allowance for loss	(38,929)	(202,982)	(202,115)
Total	<u>\$ 350,650</u>	<u>409,666</u>	<u>573,756</u>
Contract liabilities	<u>\$ 8,869</u>	<u>1,412</u>	<u>13,260</u>

Please refer to Note 6 (3) for disclosure of notes and accounts receivable and their impairment losses.

The beginning balances of contract liabilities on January 1, 2024 and 2023 recognized as revenues in 2024 and 2023 were NT\$1,412 thousand and NT\$12,333 thousand, respectively.

(XX) Non-operating income and expense

1. Interest income

Statement of interest income of the Company is as follows:

	<u>2024</u>	<u>2023</u>
Interest on bank deposits	<u>\$ 15,404</u>	<u>12,556</u>

2. Other gains and losses

Statement of other gains and losses of the Company is as follows:

	<u>2024</u>	<u>2023</u>
Foreign currency exchange gains	\$ 29,714	(154)
Loss (gain) on disposal and retirement of property, plant and equipment	-	2,022
Gain on fair value adjustment of investment property	1,080	1,265
Net loss on financial asset or financial liability at fair value through profit or loss	(10,625)	(1,130)
Rental income	57,490	77,847
Other income	2,023	38,711
Other expenses	(14,538)	(3,699)
	<u>\$ 65,144</u>	<u>114,862</u>

3. Financial costs

Statement of financial costs of the Company is as follows:

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

	2024	2023
Interest expense		
Bank borrowings	\$ 43,262	44,490
Corporate bonds payable	1,386	5,817
Others	410	158
	\$ 45,058	50,465

(XXI) Financial Instruments

1. Credit risk

(1) The amount of maximum exposure to credit risk

The maximum credit risk exposure of financial assets is equal to their carrying amount.

(2) Credit risk concentration

The main potential credit risk of the Company comes from the financial commodities of cash and cash equivalents and accounts receivable. The cash of the Company is deposited at different financial institutions. The Company controls the credit risk of each financial institution exposed, and believes that there is no likelihood of obvious concentration of material credit risk in the cash and cash equivalents of the Company.

Customers of the Company are concentrated in the optoelectronics industry, and to reduce accounts receivable credit risk, the Company continues to evaluate the financial status of customers, and periodically evaluates the feasibility of recovery of accounts receivable and appropriates allowance for losses, and impairment loss is within the expectations of the management. As of December 31, 2024 and 2023, these customers accounted for 11% and 23% of the Company's accounts receivable, respectively, resulting in a significant concentration of credit risk for the Company.

(3) Credit risk of accounts receivable and debt securities

Please refer to Note 6 (3) for more information on credit risk exposure of notes receivable and accounts receivable. Other financial assets measured at amortized cost include other accounts receivable, restricted deposits and time deposit certificates.

The aforementioned financial assets refer to financial assets with low credit risk; therefore, the allowance for losses for such periods is measured according to the 12-month expected credit loss amount (please refer to Note 4(6) for details on how the Company makes the judgment on low credit risk). The changes in loss allowance in 2024 are as follows:

	Other receivables
Balance on January 1, 2024	\$ 672
Impairment loss reversed	(26)
Balance on December 31, 2024	\$ 646
Balance on December 31, 2023 (i.e. The balance on January 1, 2023)	\$ 672

2. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

	Carrying amount	contractual cash flows	Less than 1 year	1-3 years	3-5 years	Over 5 years
December 31, 2024						
Non-derivative financial liabilities						
Secured bank loans	\$ 1,630,500	1,722,474	524,610	722,443	475,421	-
Unsecured bank loans	410,998	416,829	401,045	15,784	-	-
Notes and accounts payable (including related parties)	307,642	307,642	307,642	-	-	-
Other payables	82,909	82,909	82,909	-	-	-
Construction and equipment payable	2,168	2,168	2,168	-	-	-
Lease liabilities	15,557	15,697	15,697	-	-	-
	\$ 2,449,774	2,547,719	1,334,071	738,227	475,421	-
December 31, 2023						
Non-derivative financial liabilities						
Secured bank loans	\$ 1,480,452	1,580,117	425,264	359,948	794,905	-
Unsecured bank loans	271,125	275,830	191,966	83,864	-	-
Convertible corporate bonds	498,614	500,000	500,000	-	-	-
Notes and accounts payable (including related parties)	266,446	266,446	266,446	-	-	-
Other payables	82,314	82,314	82,314	-	-	-
Construction and equipment payable	1,552	1,552	1,552	-	-	-
Lease liabilities	1,676	1,709	1,034	675	-	-
	\$ 2,602,179	2,707,968	1,468,576	444,487	794,905	-

The Company does not expect that the timing of the occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, or that the actual cash flow amount will be significantly different.

3. Exchange rate risk

(1) Exposure to exchange rate risk

The Company's financial assets and liabilities exposed to significant exchange rate risk are as follows:

	2024.12.31			2023.12.31		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial asset</u>						
<u>Monetary items</u>						
USD : NTD	\$ 21,682	32.79	710,854	20,975	30.71	644,039
RMB : NTD	67	4.4780	299	100	4.3270	431
EUR : NTD	6	34.14	214	14	33.98	476
JPY : NTD	16,938	0.2099	3,555	7,427	0.2172	1,613
<u>Non-monetary items</u>						
USD : NTD	1,781	32.79	58,393	1,750	30.71	53,727
<u>Financial liability</u>						
<u>Monetary items</u>						
USD : NTD	9,785	32.79	320,788	7,531	30.71	231,237

(2) Sensitivity analysis

The Company's exposure to foreign currency risk mainly comes from cash and cash equivalents, accounts receivable, loans and borrowings, and accounts payable that are denominated in foreign currencies, and foreign exchange gain or loss occurs

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

during the translation. On December 31, 2024 and 2023, when the New Taiwan Dollar depreciated or appreciated by 1% against the USD, CNY, EUR and JPY, and all other factors remained unchanged, the net loss after tax for 2024 and 2023 increased or decreased by NT\$3,282 thousand and NT\$3,319 thousand, respectively. The analysis for the two periods adopted the same basis.

(3) Exchange gains and losses on monetary items

The information on the amount of exchange gain or loss (including realized and unrealized) of monetary items of the Company translated to the functional currency of NTD (i.e. the presentation currency of the Company) is as follows:

	2024		2023	
	Exchange gain (loss)	Average exchange rate	Exchange gain (loss)	Average exchange rate
TWD	\$ 29,714	32.17	(154)	31.12

4. Interest rate analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Company's financial assets and liabilities.

The sensitivity analyses below were determined based on the exposure to interest rates for non-derivative instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the report date was outstanding throughout the year. The interest rate increased or decreased by 1% when the Company internally reported the interest rate to the main management. This represented the evaluation of the reasonable change range of the interest rate by the management.

If the interest rate increases or decreases by 1%, with all other variables remaining unchanged, the net loss before tax of the Company in 2024 and 2023 will decrease or increase by NT\$11,979 thousand and NT\$12,524 thousand, respectively. This is mainly due to the Company's variable interest rate demand deposits, time deposits and loans.

5. Information on fair value

(1) Types and fair values of financial instruments

The financial assets and liabilities measured at fair price through profit or loss of the Company are measured at fair price based on the repetitiveness. The information on the carrying amount and fair value of various financial assets and financial liabilities (including fair value and level information; however, for the carrying amount of financial instruments not measured at fair value as the reasonable close value of fair value, and lease liabilities, their fair values are not required to be disclosed according to the regulations) is as follows:

	2024.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Domestic TWSE/TPex listing shares	\$ 3,963	3,963	-	-	3,963
Foreign unlisting shares	24,133	-	-	24,133	24,133
Beneficiary certificates	391	391	-	-	391

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

SAFE	75,827	-	-	75,827	75,827
Subtotal	104,314	4,354	-	99,960	104,314
Financial assets at amortized cost					
Cash and cash equivalents	844,441	-	-	-	-
Notes and accounts receivable (including related parties)	350,650	-	-	-	-
Other financial assets - (current and non-current)	344,680	-	-	-	-
Subtotal	1,539,771	-	-	-	-
Total	\$ 1,644,085	4,354	-	99,960	104,314
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 700,748	-	-	-	-
Notes and accounts payable (including related parties)	307,642	-	-	-	-
Other payables	82,909	-	-	-	-
Construction and equipment payable	2,168	-	-	-	-
Lease liabilities (current and non-current)	15,557	-	-	-	-
Long-term borrowings (including the portion with maturity in one year)	1,340,750	-	-	-	-
Total	\$ 2,449,774	-	-	-	-
	2023.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Domestic TWSE/TPex listing shares	\$ 324	324	-	-	324
Financial assets at amortized cost					
Cash and cash equivalents	499,901	-	-	-	-
Notes and accounts receivable (including related parties)	409,666	-	-	-	-
Other financial assets - (current and non-current)	416,533	-	-	-	-
Subtotal	1,326,100	-	-	-	-
Total	\$ 1,326,424	324	-	-	324
	2023.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 382,000	-	-	-	-
Notes and accounts payable (including related parties)	266,446	-	-	-	-

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Other payables	82,314	-	-	-	-
Construction and equipment payable	1,552	-	-	-	-
Lease liabilities (current and non-current)	1,676	-	-	-	-
Corporate bonds payable (including the portion with maturity in one year)	498,614	-	-	-	-
Long-term borrowings (including the portion with maturity in one year)	<u>1,369,577</u>	-	-	-	-
Total	<u><u>\$ 2,602,179</u></u>	-	-	-	-

(2) Fair value valuation techniques for financial instruments not measured at fair value
The methods and assumptions the Company adopted to estimate the instruments not measured at fair value are as follows:

(2.1) Financial assets at amortized cost

Financial instruments that are openly quoted in an active market will have fair value determined at the openly quoted price. If no market price to be referred to, the estimates by valuation methods or the counterparty's quotation is adopted.

(2.2) Financial assets and liabilities at amortized costs

If there is transaction or quote information from a market maker, then the latest transaction price and quote information are used as the basis for the evaluation of the fair value. If no market price is available for reference, then a valuation method is used for estimation. The estimation and assumption adopted for the valuation method refers to the discounted value of the cash flow estimated fair value.

(3) Fair value valuation techniques for financial instruments measured at fair value

(3.1) Non-derivative instruments

When a financial instrument has an active market open quote, then the open quote of the active market is used for the fair value. For the market price of the main exchange and announced by the exchange center of the central government determined to be on-the-run securities, the publicly listed equity instruments and debt instruments with an active market open quote are determined to have a basis for fair value.

If an open quote of a financial instrument can be timely and frequently obtained from an exchange, broker, underwriter, industry association, pricing service institution or competent authority, and the price represents an actual and frequently occurring fair market transaction, then the financial instrument has an active market open quote. If the aforementioned criteria are not met, then the market is deemed to be inactive. In general, when the bid-ask spread is great, and the bid-ask spread obviously increases or the trading volume is small, then it serves as indicators of an inactive market.

Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. Fair value by valuation technique may be obtained by making reference to the prevailing fair value of financial instruments that share similar terms and characteristics or using valuation techniques such as the

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

discounted cash flow method in conjunction with market information available as at the balance sheet date (e.g. The reference yield curve of Tpx or average quotations of commercial paper by Reuters).

If a financial instrument held by the Company has no active market, then its fair value is determined according to the following category and attribute:

- Equity instruments without open quotations: fair value is estimated using the market comparable companies approach, with the main assumption based on the earnings multiplier derived from the estimated earnings before interest, tax, depreciation and amortization of the investee and the market quotations of comparable TWSE/TPex listing companies. For the estimated value, the discount effect of the lack of market liquidity of such equity security has been adjusted.

(3.2) Derivative financial instruments

The valuation is based on the valuation model widely used and accepted by users in the market, such as discount method and option pricing model. Forward exchange agreement is typically evaluated based on the current forward exchange rate.

(4) Transfer between level 1 and level 2

There had been no transfer of the Company's financial assets and liabilities during 2024 and 2023.

(5) Details of changes in Level 3

	Measured at fair value through profit or loss designation as at fair value through profit or loss
January 1, 2024	\$ -
Total profit or loss	
Recognized as profit or loss	(11,351)
Purchase	<u>111,311</u>
December 31, 2024	<u><u>\$ 99,960</u></u>

(6) Quantified information of fair value measurement for the material unobservable inputs (Level 3)

The Company's fair value measurement classified as Level 3 mainly includes financial assets measured at fair value through profit or loss - equity securities investment.

Most of the fair values of the Company are classified as Level 3 with only a single significant unobservable input. Only the equity instrument investments without an active market have multiple significant unobservable inputs. Significant unobservable inputs for investments in equity instruments without an active market are independent of each other and therefore not correlated with each other.

The quantified information of fair value measurement for the material unobservable inputs is listed below:

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Item	Valuation technique	Material unobservable inputs	Relationship between the material unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss - investment in the equity instrument without active market	Comparable company method	<ul style="list-style-type: none"> ● Equity-to-book ratio multiplier (3.57 times on December 31, 2024) ● Discount due to lack of market liquidity (30% on December 31, 2024) 	<ul style="list-style-type: none"> ● The higher the multiplier, the higher the fair value ● The higher the discount due to lack of market liquidity, the lower the fair value
Financial assets at fair value through profit or loss - SAFE	Binary Tree Model	<ul style="list-style-type: none"> ● Volatility (56.09% on December 31, 2024) 	<ul style="list-style-type: none"> ● The higher the volatility, the lower the fair value

(7) Sensitivity analysis of fair value to reasonably possible alternative assumptions for Level 3 fair value measurements

The fair value measurements of the Company's financial instruments are deemed reasonable, but the use of different valuation models or valuation parameters may lead to different valuation results. For financial instruments classified as Level 3, if the valuation parameters change, the impact on the profit or loss of the current period or other comprehensive income is as follows:

	inputs	Change upward or downward	Changes in fair value reflected in current profit or loss		Changes in fair value reflected in other comprehensive income	
			Favorable changes	Adverse changes	Favorable changes	Adverse changes
December 31, 2024						
Financial assets at fair value through profit or loss						
Investment in the equity instrument without active market	Share-Number-to-Net-Value Multiplier	±5%	\$ 1,207	(1,207)	-	-
Investment in the equity instrument without active market	Liquidity discount	±5%	1,724	(1,724)	-	-
SAFE	Volatility	±5%	32	(55)	-	-

Favorable and adverse changes of the Company represent fluctuations in fair value, which is calculated using valuation techniques based on input parameters that are unobservable to varying degrees. If the fair value of a financial instrument is affected by more than one input, the table above only reflects the impact of changes in a single input and without considering the correlation and variability between the inputs.

(XXII) Financial risk management

1. Summary

The Company is exposed to the following risks arising from the use of financial instruments:

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

This note discloses information about the Company's exposure to the aforementioned risks, and its goals, policies and procedures regarding the measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the parent company only financial statements.

2. Architecture of risk management

The board of directors is fully responsible for the establishment and oversight of the risk management framework of the Company. For the board of directors, the chairperson's office is responsible for the development and control of the financial risk management policies of the Company and to provide reports on the operation thereof to the board of directors periodically.

The establishment of the financial risk management policy of the Company is to identify and analyze the financial risk faced by the Company, and to set up appropriate financial risk limits and control, as well as to monitor risk and risk limit compliance. The financial risk management policy is reviewed periodically to reflect market conditions and changes in the operation of the Company. The Company, through training, management standards and operation procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The audit committee of the Company monitors the management personnel, such as monitoring of the financial risk management policy and procedure compliance of the Company, and reviews the appropriateness of relevant financial management framework for the risks faced by the Company. The internal auditing personnel of the Company provides assistance to the board of directors of the Company to perform their role of supervision. Such personnel undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results thereof are reported to the audit committee.

3. Credit risk

Credit risk refers to the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Company's receivables from customers' notes and accounts as well as bank deposits.

(1) Accounts receivable and other receivables

The credit risk exposure of the Company is mainly affected by the individual condition of each customer. However, the management considers the basic statistical data of customers of the Company, including the industry of customers and country default risk since such factors may affect the credit risk.

The Company has established a credit policy, and according to such policy, before the Company makes standard payment and delivery terms, it is necessary to analyze the credit rating of each new customer individually.

The Company has set up an allowance for bad debt account to reflect the estimated losses arising from notes receivable and others receivable as well as investments. The allowance for debt account mainly consists of a specific loss component relating to individually significant exposure, and a combinational loss component established for losses already occurred but not yet identified in similar asset groups. The

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

combinational loss account allowance account is determined based on the statistical data of past payments of similar financial assets.

(2) Investment

The credit risk of bank deposits and other financial instruments is measured and monitored by the financial department of the Company. Since the transaction counterparties and the contract performance parties of the Company are banks with excellent credit standing, there are no non-compliance issues; therefore, there is no significant credit risk.

(3) Guarantee

The Company's policy is executed in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. As of December 31, 2024 and 2023, the Company had not provided any endorsement and guarantees.

4. Liquidity risk

Liquidity risk refers to the risk that the Company is unable to deliver cash or other financial assets for repayment of financial debts, and the risk of failure to perform relevant obligations. The Company's liquidity management method is to ensure that under general conditions and conditions of pressure, the Company is still able to have sufficient working capital capable of paying liabilities that are due for payment, such that unacceptable loss would not occur or the risk of the reputation of the Company being damaged would not occur.

The unused borrowing facilities of the Company as of December 31, 2024 and 2023 was NT\$200,000 thousand and NT\$140,000 thousand, respectively.

5. Market risk

Market risk refers to the risk in the change of market prices, such as foreign exchange rates and interest rates, affecting the Company's income or the value of holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within an acceptable range, and to optimize investment returns.

To manage the market risk, the Company engages in derivative instrument transactions and also generates financial assets and liabilities accordingly. The all transactions were executed in accordance with the instructions of the board of directors.

(1) Exchange rate risk

The Company is exposed to currency risk on transactions of sales, purchases and loans that are denominated in a currency other than the respective functional currencies of the Group. The functional currencies of the consolidated company are mainly NTD and USD. The main pricing currency for such transactions is NTD and USD.

In addition, based on the principle of natural hedging, the Company performs hedging according to the capital demand of each currency and the net position with respect to the market exchange condition.

(2) Interest rate risk

The Company's policy is to ensure that the loan interest rate change risk exposure is evaluated according to the international economic status and market interest rates.

(XXIII) Capital management

The Company's capital management objective is to safeguard the Company's ability to continue as a going concern in order to continue to provide returns for shareholders and interests of other stakeholders, as well as to maintain an optimal capital structure to reduce

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, execute capital reduction to return share capital to shareholders, issue new shares or sell assets in order to repay debts.

The Company, similar to others in the same industry, uses the debt-to-capital ratio as the basis for capital control and monitoring. Such ratio is calculated by dividing the net liabilities by the total capital. The net liabilities refer to the total liabilities indicated on the balance sheet less cash and cash equivalents. Total capital refers to all components (i.e. share capital, capital surplus, retained earnings and other equity) of equity plus net liabilities.

The capital management strategy for the Company in 2024 was identical to that for 2023, being committed to ensuring that the Company can obtain financing at a reasonable cost. The debt-to-capital ratio as of December 31, 2024 and 2023 are as below:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Total liabilities	\$ 2,549,009	2,695,044
Less: Cash and cash equivalent	<u>(844,441)</u>	<u>(499,901)</u>
Net liabilities	1,704,568	2,195,143
Total equity	<u>1,961,850</u>	<u>1,366,193</u>
Capital after adjustment	<u>\$ 3,666,418</u>	<u>3,561,336</u>
Debt-to-capital ratio	<u>46.49%</u>	<u>61.64%</u>

The Company increased its capital in cash in 2024 to repay loans and replenish funds, resulting in a decrease in its debt-to-equity ratio.

(XXIV) Non-cash investment and financing activities

The details of movement of costs, depreciation and impairment losses for property, plant and equipment acquired by the Company during 2024 and 2023 are as below:

	<u>2024</u>	<u>2023</u>
Purchase of property, plant and equipment in the current period	\$ 40,163	30,363
Add: Equipment and construction payables at beginning of the period	1,552	4,977
Less: Equipment and construction payables at end of the period	<u>(2,168)</u>	<u>(1,552)</u>
	<u>\$ 39,547</u>	<u>33,788</u>

(XXV) To enhance financial planning

Due to rapid changes in the industry, the Company has suffered continuous loss in recent years, and the management of the Company has consecutively adopted the following measures in order to ensure the operation of the Company and to improve the financial structure and cash flow in a positive direction. In response to these circumstances, the Company plans to adopt the following plans:

1. Operating aspect

- (1) Actively combining various core technical developments for integrated applications in order to satisfy high customization demands and new technologies for terminal products, and continuing to enhance and adjust market order acceptance capability,

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

thereby strengthening and expanding the market while satisfying customer demands and enhancing the foundation to improve the market share.

- (2) Extending the diverse operations of industrial on-board vehicle control and smart building related industries, reducing reliance on consumer electronics and continuing to develop new products and adjusting market position, in order to acquire sales of niche products.
 - (3) To expand customer base and extend core capability-related product applications, and achieve goals of speed, service, cost and quality.
 - (4) Promotion plan for glass processing products
 - (a) E-beam vapor deposition technology combined with ion-assisted deposition technology for precise optical thin film quality.
 - (b) Design, development and promotion of thermoforming of multi-curved glass for automotive displays, interior trims, etc.
 - (c) Application and promotion of electrochromic curtain glass.
 - (5) In terms of energy-saving and carbon reduction policies, in addition to replacement with energy-saving equipment, we also make planned production schedules for high-energy-consuming production equipment to control electricity expenses.
2. Management aspect
- (1) To implement the policy of streamlining the organizational structure and make full use of the advantages of outsourcing to strictly control cost expenditure.
 - (2) To improve production management efficiency, reduce material loss, strictly control inventory management, and reduce sluggish losses.
 - (3) Improving the accuracy of sales forecasts, rigorously controlling raw material purchases, enhancing the flexibility of capital use, improving efficiency and reducing operating costs.
 - (4) To accelerate the introduction of second source materials to effectively control and reduce material costs.
 - (5) To strictly control the review of expense and expenditure, to reduce expense and expenditure and unnecessary waste.
 - (6) In the future, the focus will be on the introduction of new technologies or manufacturing processes, and the necessary capital expense for improving machinery and equipment production efficiency will be increased. In addition, rigorous investment benefit analysis will also be thoroughly executed in order to maximize the capital expenditure effect.
3. Financial aspect
- (1) Implementing cost and expense reduction plans, saving expenditures and maintaining safe levels for capital and reducing the cumulation of working capital.
 - (2) Continue negotiating bank quotas and limits, and enhancing the business dealings with banks in order to ensure sufficient working capital.
 - (3) In order to improve the financial structure, it is planned to decrease capital to offset the accumulated losses.

VII. Related party transaction

(I) Names and relationships of related parties

The related parties of subsidiaries of the Company and others that have had transactions with the Company during the periods covered in these parent company only financial statements are as follows:

Related party name	Relationship with the Company	Remar
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Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

	<u>ks</u>
Chin Ming Glass Co., Ltd.	Its chairman is a relative within the first degree of kinship of the Chairman of the Company
Chung, Chih-Ming	Chairperson of the Company
Fast Achievement Global Ltd.	Subsidiary of the Company
Golden Start Global Corp.	"
G - TECH OPTOELECTRONICS (VIETNAM) CO., LTD	"
Charmtex Global Corp.	"
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	"
Brave Advance	Associates of the Company

(II) Major transactions with related parties

1. Operating income

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

	<u>2024</u>	<u>2023</u>
Other related parties	\$ <u>18,562</u>	<u>14,327</u>

The prices and payment terms of the Company's sales to related parties are 60-day monthly settlement, which are not significantly different from those of general customers.

2. Purchase

Purchase costs of the Company from related parties were as follows:

	<u>2024</u>	<u>2023</u>
Other related parties	\$ <u>95,468</u>	<u>39,378</u>

The purchases of goods from related parties by the Company is through a single supplier, whose payment terms are 60-day monthly settlement. The payment terms for general suppliers are 120 days LC and 30 to 90-day monthly settlement.

3. Amounts receivable from related parties

Statement of receivables from related parties of the Company is as follows:

<u>Item</u>	<u>Types of related parties</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Accounts receivable - related parties	Other related parties	\$ <u>3,829</u>	<u>2,757</u>

4. Amounts payable to related parties

Statement of payables to related parties of the Company is as follows:

<u>Item</u>	<u>Types of related parties</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Accounts payable - related parties	Other related parties	\$ <u>24,497</u>	<u>10,639</u>
Other payables	Other related parties	\$ 19	269
	Key management of the Company	30	-
		\$ <u>49</u>	<u>269</u>

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(III) Transactions with key management
Remuneration of key management includes:

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 15,718	13,783
Share-based Payment	-	280
	<u>\$ 15,718</u>	<u>14,063</u>

VIII. Assets Pledged

Statement of the carrying value of pledged or secured assets of the Company is as follows:

<u>Asset name</u>	<u>Pledged or secured subject matter</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Other financial assets -- current	Custom bond, corporate bonds payable and bank borrowings	\$ 336,432	381,978
Other financial assets - non-current	Bank borrowings	-	24,000
Property, plant and equipment	Bank borrowings	978,889	930,221
Investment Property	Bank borrowings	1,148,336	1,147,256
Prepayments for equipment	Bank borrowings	29,610	29,610
		<u>\$ 2,493,267</u>	<u>2,513,065</u>

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

The contract prices for the Company's equipment purchases were as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Signed contract prices	\$ 298,485	174,546
Paid amount	\$ 108,992	76,777

X. Losses from Major Disaster : none.

XI. Material Events after the Reporting Period : none.

XII. Others

A summary of employee benefits, depreciation, depletion and amortization expenses, by function, is as follows:

By nature	By function			2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense									
Salary expense	186,566	137,995	324,561	201,939	98,587	300,526			
Labor and health insurance expense	20,783	10,425	31,208	22,734	10,264	32,998			
Pension expense	8,248	5,544	13,792	8,550	5,525	14,075			
Remuneration of	-	3,024	3,024	-	2,808	2,808			

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Directors						
Other employee benefit expenses	10,661	6,178	16,839	8,271	3,370	11,641
Depreciation expense	111,494	12,804	124,298	113,127	14,784	127,911
Amortization expense	229	923	1,152	42	1,331	1,373

The Company recorded depreciation of other gains and losses under non-operating income and expenses of NT\$2,541 thousand and NT\$2,666 thousand in 2024 and 2023, respectively. Below are details of the additional information on the Company's employee number and employee benefit expenses for 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Number of employees	<u>458</u>	<u>481</u>
Number of directors without concurrent position as employee	<u>6</u>	<u>6</u>
Average employee benefit expenses	<u>\$ 855</u>	<u>756</u>
Average employee salary expense	<u>\$ 718</u>	<u>633</u>
Adjustment status of average employee salary expense	<u>14.77%</u>	<u>(2.16)%</u>
Remuneration of supervisors	<u>\$ -</u>	<u>-</u>

Information on the Company's remuneration policy (including directors, managerial officers and employees) is as follows:

(I) Director

Directors' remuneration shall include transportation fees, business operation expenses, and surplus distribution. After the Company's remuneration for directors has been reviewed by the Remuneration Committee according to the Company's Articles of Incorporation, the Board of Directors is authorized to set the salaries for the directors based on their participation in the Company's operations, contribution value, as well as the industry standards. The remuneration distribution standard for surplus distribution to directors is based on the Company's Articles of Incorporation, which shall be submitted to the board of directors for review and be issued after it has passed the shareholders meeting resolution.

(II) General Manager and Deputy General Manager

The remuneration of the president and vice president includes salary, employee dividends, employee stock options, and new restricted shares for subscription. Salary standards are based on contributions to the Company and reference to peer standards. The employee dividend distribution standard shall be based on the Company's Articles of Incorporation, be submitted to the Remuneration Committee for deliberation, and then issued after the proposal has passed the resolution of the board of directors' or shareholders' meeting. Employee stock options, and new restricted shares for subscription issuance standards were evaluated based on contributions to the Company and its future development.

(III) Employee

The employees' remuneration includes full pay (base salary, meal allowance, position allowance), other allowances, cash gifts, performance bonuses, year-end bonuses, employee bonuses and employee stock options. The full pay is paid based on normal market level of the industry, positions in the Company and contributions to the Company. In combination

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

with the Company's operating conditions and with reference to domestic economic growth rate, price index and salary adjustment within the industry, the salary adjustment policies are established based on individuals' job performance and value contribution. Other allowances, cash gifts, performance bonuses, year-end bonuses, employee bonuses and employee stock options are distributed in compliance with the Articles of Incorporation and administrative measures of the Company.

XIII. Disclosures in Notes

(I) Information on significant transactions

As required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company shall again disclose the following information on significant transactions for 2024:

1. Loaning funds to others: None.
2. Endorsements/guarantees made for others: None.
3. End-of-period holding position of marketable securities (excluding investment in subsidiaries, associated companies, and joint ventures):

Unit: NTD thousand

	Company held	Name and type of securities		Relationship with the securities issuer	Presentation account	End of period				Remarks
						Shares	Carrying amount	Shareholding ratio	Market price	
	The Company	Zhen Ding Technology Holding Limited	Shares	-	Financial assets at fair value through profit or loss-current	10,000	1,200	- %	1,200	
	"	QUANTA COMPUTER INC.	Shares	-	"	3,000	861	- %	861	
	"	KAORI HEAT TREATMENT CO., LTD.	Shares	-	"	6,000	1,902	- %	1,902	
	"	Yuanta/P-shares Taiwan Top 50 ETF	Fund	-	"	2,000	391	- %	391	
	"	AERKOMM INC.	Shares	-	Financial assets at fair value through profit or loss - non-current	175,000	24,133	0.98 %	24,133	
	"	IX ACQUISITION CORP.	SAFE	-	"	-	75,827	- %	75,827	

4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
7. Sales and purchases with related parties amounting to NT\$100 million or more than 20% of paid-up capital: none.
8. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
9. Trading in derivative instruments: None.

(II) Information on investees :

Information about the Company's business investments in 2024 (excluding Mainland investees):

Unit: NTD thousand/USD thousand

Investors	Name of investee	Location	Main business items	Original investment amount		Shareholding at the end of the period			Investees' profit/loss in the period	Current investment profit/loss recognized	Remarks
				End of the period	End of the preceding year	Shares	Ratio	Carrying amount			
The Company	Fast Achievement Global Ltd.	Cayman Islands	Holding	17,704 (USD540)	17,704 (USD540)	540,000	100.00%	59,475	2,303 (USD72)	2,303 (USD72)	
"	Golden Start Global Corp.	Samoa	Holding	2,340,566 (USD71,391)	2,340,566 (USD71,391)	71,391,373	100.00%	69,705	6,020 (USD187)	(U)	
"	G-TECH OPTOELECTRONICS (VIETNAM) CO., LTD.	Vietnam	Sales, design, production and processing of optical glass and accessories	65,570 (USD2,000)	- (USD0)	2,000,000	100.00%	57,659	(6,303) (VND(4,962,971))	(VND(4,962,971))	
Fast Achievement Global Ltd.	Brave Advance International Corp.	Samoa	Holding	16,393 (USD500)	16,393 (USD500)	500,000	25.00%	58,393 (USD1,781)	10,106 (USD314)		

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Golden Start Global Corp.	Charmtex Global Corp.	Samoa	Holding	2,339,910 (USD71,371)	2,339,910 (USD71,371)	71,371,373	100.00%	69,705 (USD2,126)	6,020 (US187)	6,020 (USD187)
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(III) Information on investments in mainland China :

1. Name, main business activities, and relevant information of Mainland investments:

Unit: NTD thousand

Names of the investees in Mainland China	Main business items	Paid-in capital	Investment method	Opening aggregate investment amount remitted out from Taiwan	Remitted or recovered investment amount of the period		Closing aggregate investment amount remitted out from Taiwan	Investees' profit/loss in the period	Ratio of shareholding directly or indirectly invested by the Company	Recognized returns and losses on investments in the period	Closing carrying value of investments	Remitted returns on investments as of the end of the period
					Outward remittance	Recovery						
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	Produce and sell TFT-LCD materials	778,316 (USD23,740)	Note 1	778,316 (USD23,740)	-	-	778,316 (USD23,740)	5,940 (USD185)	25.00%	1,485 (USD46)	19,449 (USD593)	-
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	Produce and sell TFT-LCD materials	2,294,950 (USD70,000)	Note 2	2,294,950 (USD70,000)	-	-	2,294,950 (USD70,000)	5,785 (USD180)	100.00%	5,785 (USD180)	60,840 (USD1,856)	-

Note 1: The Company indirectly invested in Win World Opto-Glass (Dongguan) Co., Ltd in mainland China through Brave Advance International Corp., an investee of Fast Achievement Global Ltd., a third-place investment company.

Note 2: The Company indirectly invested in G-TECH Optoelectronics (Chengdu) Co., Ltd. in Mainland China, through Charmtex Global Corp., an investee of Golden Start Global Corp., a third-place investment company.

2. Limit of investment in Mainland China

Aggregate amount remitted from Taiwan for investments in Mainland China in the period	Investment amount approved by the Investment Commission, Ministry of Economic Affairs	Limit of investments in Mainland China specified by the Investment Commission, Ministry of Economic Affairs
3,073,266 (USD93,740)	3,073,266 (USD93,740)	-
(Including machine price 281,394) (USD8,583)	(Including machine price 298,409) (USD9,276)	-

Note: On August 23, 2022, the Company has already obtained proof of operational headquarters from the Industrial Development Bureau, Ministry of Economic Affairs, and therefore is not subject to the Mainland investment limit.

3. Significant transactions with investees in Mainland China: none.

(IV) Information on major shareholders: none

XIV. Segment Information

Please refer to the consolidated financial reports for 2024.

G-TECH Optoelectronics Corporation
Statement of Cash and Cash Equivalents

December 31, 2024

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Cash on hand and petty cash		\$ 812
Bank deposits		
Demand deposits		305,097
Checking accounts		40
Foreign currency deposits	USD2,498 thousand, JPY16,678 thousand, CNY54 thousand, etc.	85,707
Time deposits	USD 1,000 thousand and NT\$ 420,000 thousand	<u>452,785</u>
		<u>\$ 844,441</u>

**Statement of Notes and Accounts
Receivable (Including Related Parties)**

<u>Customer</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Customer A	Loan	\$ 157,875	
Customer B	"	43,587	
Customer C	"	38,173	
Customer D	"	21,262	
Others	"	<u>128,682</u>	The amounts of all accounts are not up to 5% of the balance in this account
Total		389,579	
Less: Allowance for impairment		<u>(38,929)</u>	
Net		<u>\$ 350,650</u>	

G-TECH Optoelectronics Corporation
Inventory ledger

December 31, 2024

Unit: NTD thousand

Item	Amount		Remarks
	Cost	Net realisable value	
Raw materials and supplies	\$ 78,733	75,720	Replacement cost of an asset
Work in progress	8,176	8,175	Net realisable value
Finished goods	122,371	120,715	"
Merchandise	12,447	12,444	"
Subtotal	\$ 221,727	<u>217,054</u>	
Less: Allowance for loss	<u>(47,808)</u>		
Total	<u>\$ 173,919</u>		

**Statement of Changes in Property, Plant
and Equipment**

Years ended December 31, 2024

Please refer to Note 6(6) for relevant information.

G-TECH Optoelectronics Corporation
Statement of Changes in Investment
Property

Years ended December 31, 2024

Unit: NTD thousand

Please refer to Note 6 (7) for related information.

Statement of Short-term Borrowings
December 31, 2024

<u>Loan nature</u>	<u>Loan institution</u>	<u>Amount</u>	<u>Loan term</u>	<u>Interest rate</u>
Secured borrowings	Taiwan Cooperative Bank	\$ 100,000	2024/12/ 20~ 2025/06/20	2.9680%
"	"	63,000	2024/11/ 29~ 2025/05/27	2.3880%
"	Bank of Panhsin	120,000	2024/12/ 02~ 2025/02/14	2.2100%
"	Sunny Bank	50,000	2024/10/ 11~ 2025/10/11	2.5900%
Credit loan	First Commercial Bank	200,000	2024/12/ 02~ 2025/06/02	2.9000%
"	Mega International Commercial Bank	60,000	2024/11/ 28~ 2025/05/27	2.7000%
"	"	39,748	2024/11/ 28~ 2025/05/27	2.7000%
"	Hua Nan Commercial Bank	<u>68,000</u>	2024/12/ 03~ 2025/06/03	2.7000%
		<u>\$ 700,748</u>		

G-TECH Optoelectronics Corporation
Statement of Long-term Borrowings

December 31, 2024

Unit: NTD thousand

<u>Loan nature</u>	<u>Loan institution</u>	<u>Amount</u>	<u>Loan term</u>	<u>Interest rate</u>	<u>Pledge or guarantee</u>	<u>Remarks</u>
Secured borrowings	Bank of Panhsin	238,000	2024/04/08~2031/04/08	2.420%	Property, plant and equipment	Principal repayment starts from 2031.04.08
"	"	100,000	2024/09/08~2031/04/08	2.420%	"	Principal repayment starts from 2031.04.08
"	Sunny Bank	433,750	2020-07-14~2027-07-14	2.590%	"	Principal repayment started from 2023.08.11
"	The Shanghai Commercial & Savings Bank	79,167	2022/10/12~2027/09/15	2.220%	"	Principal repaid from October 15, 2022
"	"	39,583	2022/10/12~2027/09/15	2.220%	"	Principal repaid from October 15, 2022
"	Taiwan Cooperative Bank	407,000	2023/12/26~2027/12/26	2.388%	"	Principal repayment started from 2024.01.26
Unsecured borrowings	Bank of Panhsin	12,000	September 2, 2022~September 2, 2025	2.410%	-	Principal repaid from September 2, 2025
"	The Shanghai Commercial & Savings Bank	<u>31,250</u>	2022/06/06~2026/10/08	2.220%	-	Principal repaid from October 15, 2022
	Total	1,340,750				
	Less: Due in one year	<u>(184,491)</u>				
	Net	<u>\$ 1,156,259</u>				

Statement of Operating Revenue
Years ended December 31, 2024

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Remarks</u>
Smart car glass	1,036 thousand pieces	\$ 599,204	
Smart building glass	5,051 thousand pieces	213,369	
Others	14,688 thousand pieces	<u>1,171,712</u>	
Net operating income		<u>\$ 1,984,285</u>	

G-TECH Optoelectronics Corporation

Statement of Operating Costs

Years ended December 31, 2024

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Merchandise inventory at beginning of the current period		\$ 3	
Plus: Purchase in the current period		998,065	
Less: Merchandise inventory at end of the current period		(12,447)	
Recognition expense		(11)	
Merchandise sale cost		<u>985,610</u>	
Raw materials at beginning of the current period		50,477	
Plus: Purchase in the current period		458,572	
Less: Raw materials at end of the current period		(45,489)	
Recognition expense		<u>(31,032)</u>	
Direct raw material consumption		<u>432,528</u>	
Materials at beginning of the current period		39,414	
Plus: Purchase in the current period		52,958	
Less: Materials at end of the current period		(33,244)	
Recognition expense		<u>(24,213)</u>	
Material consumption		34,915	
Direct labor		86,036	
Production overheads		<u>289,845</u>	
Production cost		843,324	
Plus: Work in progress at beginning of the current period		12,463	
Less: Work in progress at end of the current period		<u>(8,176)</u>	
Finished goods cost		847,611	
Plus: Finished goods at beginning of the current period		107,938	
Less: Finished goods at end of the current period		(122,371)	
Recognition expense		<u>(9,723)</u>	
Product sales cost		823,455	
Loss for market price decline and obsolete and slow-moving inventories.		1,804	
Idle production capacity		151,687	
Income from sale of scraps		(134)	
Operating costs		<u><u>\$ 1,962,422</u></u>	

G-TECH Optoelectronics Corporation

Statement of Operating Expenses

Years ended December 31, 2024

Unit: NTD thousand

<u>Item</u>	<u>Selling and marketing expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>	<u>Total</u>
Salary expense	\$ 20,021	79,855	35,706	135,582
Travel expenses	2,514	2,582	924	6,020
Shipping expense	2,118	6	40	2,164
Postage and cable expense	196	2,688	13	2,897
Repair and maintenance expense	38	1,934	1,618	3,590
Water, electricity and gas expense	429	1,457	1,849	3,735
Insurance expense	2,296	4,944	4,240	11,480
Entertainment expense	801	1,443	7	2,251
Tax expense	779	5,523	18	6,320
Depreciation	-	6,663	6,141	12,804
Meal expense	799	1,929	1,627	4,355
Employee benefits	103	1,144	221	1,468
Import/export expense	2,866	19	60	2,945
Security expense	-	5,548	-	5,548
Purchase of miscellaneous items	-	362	876	1,238
Consumables	-	-	14,119	14,119
Material expense	-	-	42,629	42,629
Mold expense	-	-	4,305	4,305
Pensions	1,155	2,390	2,000	5,545
Labor expense	8,288	5,159	598	14,045
Miscellaneous expenses	2,897	22,912	883	26,692
Others	235	2,960	903	4,098
Total	<u>\$ 45,535</u>	<u>149,518</u>	<u>118,777</u>	<u>313,830</u>

Statement of Other Gains and Losses, Net

Please refer to Note 6 (20) for related information.