GCS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2024 AND 2023

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To GCS Holdings, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of GCS Holdings, Inc. and its subsidiaries (the "Group") as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Key Audit Matter – Sales revenue recognition

Description

Please refer to Note 4(22) for accounting policies of revenue recognition. Please refer to Note 6(21) for description of revenue.

The Group primarily engages in the manufacturing and selling of compound semiconductor wafers and advanced optoelectronics technology products. Among the operating revenue of NT$1,750,044 thousands for the year ended December 31, 2024, sales revenue generated from compound semiconductor wafers and advanced optoelectronics technology products amounted to NT$1,706,056 thousands, representing 97.49% of total operating revenue. The Group's customers include wireless devices and fiber-optic communication providers in China, U.S.A., Taiwan and etc., and sales terms vary based on market conditions and customer needs in different regions. Considering that sales revenue are the main transactions of the Group, which has significant effect on the consolidated financial statements and requires substantial amount of time and resources for validation, we identified the audit of sales revenue recognition as one of the key audit matters.

How our audit addressed the matter

The major audit procedures regarding sales revenue recognition were as follows:

1. Evaluated the design and operating effectiveness of internal controls relevant to sales revenue recognition.

2. Sampled and tested sales transactions by inspecting customers' purchase orders, documents regarding transfer of control, invoices billed and accounting vouchers to validate the occurrence and accuracy of sales transactions.

3. Performed confirmation procedures and subsequent receipt testing for sampled accounts receivable.

Key Audit Matter –Allowance for inventory valuation

Description

Please refer to Note 4(9) for description of accounting policies on allowance for inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty on evaluation of inventory. Please refer to Note 6(3) for description of allowance for inventory valuation.

The Group primarily engages in the manufacturing and selling of compound semiconductor wafers and advanced optoelectronics technology products. Due to rapid technological innovations, intense market competition and fluctuations in market prices, there is a higher risk of inventory losses resulting from market value decline or obsolescence. The net realizable value used by the Group in inventory valuation involves subjective judgement of management and is therefore subject to estimation uncertainty. Considering the significant impact of the Group's inventories on its consolidated financial statements, we idenitified the inventory valuation as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed in respect of the above area included the following:

1. Assessed the reasonableness of accounting policies and procedures in relation to allowance for inventory valuation.

2. Validated the appropriateness of inventory aging report used by management to ensure that the information in the inventory aging report is consistent with the corresponding accounting policies.

3. Obtained net realizable value calculation report prepared by management, sampled and evaluated the basis of net realizable value caculation used by management for accuracy and reasonableness.

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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group’s financial reporting process.

Responsibilities of independent accountants 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 auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Bai, Shu-Chain	Liu, Chien-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan
February 18, 2025

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 576,516	16	$ 345,234	10
1170	Accounts receivable, net	6(2)	300,657	9	237,456	7
1180	Accounts receivable - related parties	6(2) and 7	35,098	1	4,830	-
1200	Other receivables		4,278	-	2,844	-
1220	Current income tax assets		140	-	54,718	1
130X	Inventories	6(3)	307,165	9	257,709	7
1410	Prepayments	7	42,583	1	32,627	1
1470	Other current assets	6(4) and 8	171,325	5	102,039	3
11XX	**Total current assets**		1,437,762	41	1,037,457	29
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(5)	1,492	-	1,397	-
1550	Investments accounted for using equity method	6(6) and 8	755,769	22	1,625,600	45
1600	Property, plant and equipment	6(7) and 8	1,099,453	31	730,219	20
1755	Right-of-use assets	6(8)	6,526	-	15,280	-
1780	Intangible assets	6(9)	6,723	-	4,056	-
1840	Deferred income tax assets	6(27)	193,209	6	159,670	5
1990	Other non-current assets	6(11) and 8	4,791	-	16,659	1
15XX	**Total non-current assets**		2,067,963	59	2,552,881	71
1XXX	**Total assets**		$ 3,505,725	100	$ 3,590,338	100

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GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12)	$ 20,000	1	$ 20,000	1
2130	Current contract liabilities	6(21)	8,014	1	11,815	-
2170	Accounts payable		39,009	1	39,607	1
2180	Accounts payable - related parties	7	354	-	-	-
2200	Other payables	6(13)	110,574	3	97,800	3
2220	Other payables - related parties	7	4,339	-	8,105	-
2230	Current income tax liabilities		7,822	-	-	-
2280	Current lease liabilities		5,865	-	8,855	-
2320	Long-term borrowings, current portion	6(14)	6,511	-	329,374	9
2399	Other current liabilities		264	-	379	-
21XX	**Total current liabilities**		202,752	6	515,935	14
	Non-current liabilities					
2540	Long-term borrowings	6(14)	163,780	5	-	-
2570	Deferred income tax liabilities	6(27)	117,797	3	83,464	3
2580	Non-current lease liabilities		-	-	6,329	-
25XX	**Total non-current liabilities**		281,577	8	89,793	3
2XXX	**Total liabilities**		484,329	14	605,728	17
	Equity					
	Share capital	6(17)				
3110	Common stock		1,123,383	32	1,112,832	31
	Capital surplus	6(18)				
3200	Capital surplus		1,958,874	56	2,673,180	74
	Retained earnings	6(19)				
3320	Special reserve		-	-	6,821	-
3350	Accoumulated deficit		(236,986)	(7)	(792,236)	(22)
	Other equity interest	6(20)				
3400	Other equity interest		176,125	5	(15,987)	-
3XXX	**Total equity**		3,021,396	86	2,984,610	83
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the reporting period	11				
3X2X	**Total liabilities and equity**		$ 3,505,725	100	$ 3,590,338	100

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

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR LOSSES PER SHARE)

			Year ended December 31			
			2024		2023	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21) and 7	$ 1,750,044	100	$ 1,350,604	100
5000	Cost of operating revenue	6(3)(25)(26) and 7	(1,087,036)	(62)	(1,113,345)	(82)
5900	Net operating margin		663,008	38	237,259	18
	Operating expenses	6(25)(26)				
6100	Selling and marketing expenses		(46,724)	(3)	(41,558)	(3)
6200	General and administrative expenses		(199,572)	(11)	(183,862)	(14)
6300	Research and development expenses		(230,139)	(13)	(246,043)	(18)
6450	Net impairment income on financial assets	12(2)	6,201	-	7,177	1
6000	Total operating expenses		(470,234)	(27)	(464,286)	(34)
6900	Operating income (loss)		192,774	11	(227,027)	(16)
	Non-operating income and expenses					
7100	Interest income		13,609	1	3,180	-
7010	Other income	6(22)	124,341	7	22	-
7020	Other gains and losses	6(23)	212,770	12	192,424	14
7050	Finance costs	6(24)	(11,405)	(1)	(17,568)	(1)
7060	Share of net loss of associates and joint ventures accounted for using equity method	6(6)	(767,436)	(44)	(757,356)	(56)
7000	Total non-operating income and expenses		(428,121)	(25)	(579,298)	(43)
7900	**Loss before income tax**		(235,347)	(14)	(806,325)	(59)
7950	Income tax (expense) benefit	6(27)	(1,639)	-	14,089	1
8200	**Net loss for the year**		($ 236,986)	(14)	($ 792,236)	(58)
	Other comprehensive income (loss)					
	Other comprehensive income (loss) components that will not be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(20)	$ 229,720	13	$ 10,525	1
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8370	Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using the equity method- financial statements translation differences of foreign operations	6(20)	(39,600)	(2)	(19,946)	(2)
8300	**Total other comprehensive income (loss), net**		$ 190,120	11	($ 9,421)	(1)
8500	**Total comprehensive loss for the year**		($ 46,866)	(3)	($ 801,657)	(59)
	Loss attributable to:					
8610	Owners of the parent		($ 236,986)	(14)	($ 792,236)	(58)
	Total comprehensive loss attributable to:					
8710	Owners of the parent		($ 46,866)	(3)	($ 801,657)	(59)
	Losses per share	6(28)				
9750	Basic losses per share (in dollars)		($ 2.13)		($ 7.18)	
9850	Diluted losses per share (in dollars)		($ 2.13)		($ 7.18)	

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

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity Attributable to Owners of The Parent						
				Retained Earnings		Other Equity Interest		
	Notes	Common Stock	Capital Surplus	Special Reserve	Accumulated Deficit	Financial Statements Translation Differences Of Foreign Operations	Unearned Compensation Costs	Total Equity
2023								
Balance at January 1, 2023		$ 1,108,251	$ 2,825,143	$ 6,821	($ 229,734)	($ 2,438)	($ 7,321)	$ 3,700,722
Consolidated net loss for 2023		-	-	-	(792,236)	-	-	(792,236)
Other comprehensive loss for 2023	6(20)	-	-	-	-	(9,421)	-	(9,421)
Total comprehensive loss for 2023		-	-	-	(792,236)	(9,421)	-	(801,657)
Capital surplus used to compensate accumulated deficit	6(18)(19)	-	(229,734)	-	229,734	-	-	-
Compensation costs of share-based payment	6(16)(18)(20)	-	4,294	-	-	-	20,626	24,920
Issuance of restricted stocks to employees	6(16)(17)(18)(20)	4,830	13,847	-	-	-	(18,677)	-
Retirement of restricted stocks to employees	6(16)(17)(18)(20)	(275)	(969)	-	-	-	1,244	-
Exercise of employee stock options	6(16)(17)(18)	26	3	-	-	-	-	29
Retirement of employee stock options	6(16)(18)	-	(2,535)	-	-	-	-	(2,535)
Recognized changes in equity of associates	6(18)	-	131,741	-	-	-	-	131,741
Disposal of investments accounted for using equity method	6(18)	-	(68,610)	-	-	-	-	(68,610)
Balance at December 31, 2023		$ 1,112,832	$ 2,673,180	$ 6,821	($ 792,236)	($ 11,859)	($ 4,128)	$ 2,984,610
2024								
Balance at January 1, 2024		$ 1,112,832	$ 2,673,180	$ 6,821	($ 792,236)	($ 11,859)	($ 4,128)	$ 2,984,610
Consolidated net loss for 2024		-	-	-	(236,986)	-	-	(236,986)
Other comprehensive income for 2024	6(20)	-	-	-	-	190,120	-	190,120
Total comprehensive income (loss) for 2024		-	-	-	(236,986)	190,120	-	(46,866)
Capital surplus used to compensate accumulated deficit	6(18)(19)	-	(785,415)	(6,821)	792,236	-	-	-
Compensation costs of share-based payment	6(16)(18)(20)	-	584	-	-	-	17,807	18,391
Issuance of restricted stocks to employees	6(16)(17)(18)(20)	5,517	11,209	-	-	-	(16,726)	-
Retirement of restricted stocks to employees	6(16)(17)(18)(20)	(285)	(626)	-	-	-	911	-
Exercise of employee stock options	6(16)(17)(18)	5,319	23,910	-	-	-	-	29,229
Retirement of employee stock options	6(16)(18)	-	(1,191)	-	-	-	-	(1,191)
Recognized changes in equity of associates	6(18)	-	37,330	-	-	-	-	37,330
Disposal of investments accounted for using equity method	6(18)	-	(107)	-	-	-	-	(107)
Balance at December 31, 2024		$ 1,123,383	$ 1,958,874	$ -	($ 236,986)	$ 178,261	($ 2,136)	$ 3,021,396

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

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
((EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 235,347)	($ 806,325)
Adjustments			
Adjustments to reconcile profit (loss)			
Net impairment income on financial assets	12(2)	(6,201)	(7,177)
Depreciation	6(7)(8)(25)	141,269	135,527
Amortization	6(9)(25)	4,258	7,224
Compensation cost of share-based payment	6(16)(26)	17,200	22,385
Interest income		(13,609)	(3,180)
Interest expense	6(24)	11,405	17,568
Share of net loss of associate and joint ventures accounted for using equity method	6(6)	767,436	757,356
Gain on disposal of investments	6(6)(23)	(218,223)	(256,788)
Gain on disposal of property, plant and equipment	6(23)	(35)	-
Impairment loss on non-financial assets		-	48,218
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(39,940)	(31,306)
Accounts receivable- related parties		(29,319)	(1,899)
Other receivables		(1,216)	1,063
Other receivables- related parties		-	302
Inventories		(31,337)	81,612
Prepayments		(7,839)	926
Changes in operating liabilities			
Contract liabilities		(4,506)	(711)
Accounts payable		(3,214)	32,254
Accounts payable- related parties		347	-
Other payables		22,339	(24,854)
Other payables- related parties		(4,225)	5,478
Other current liabilities		(137)	(9,513)
Cash inflow (outflow) generated from operations		369,106	(31,840)
Interest received		13,609	3,180
Interest paid		(11,405)	(17,568)
Income tax refund (paid)		72,664	(20,671)
Net cash flows from (used in) operating activities		443,974	(66,899)

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GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
((EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31 2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments accounted for using the equity method	6(6)(29) and 7	$ -	($ 191,137)
Proceeds from disposal of investments accounted for using equity method	6(6)	448,650	376,378
Acquisition of property, plant and equipment	6(29)	(462,996)	(98,230)
Proceeds from disposal of property, plant and equipment	6(29)	14,677	5,652
Acquisition of intangible assets	6(9)	(6,601)	(2,065)
Decrease in refundable deposits		5	200
Increase in other current assets		(61,080)	(69,473)
Decrease in other non-current assets		-	300
Proceeds from disposal of a subsidiary	6(29)	-	49,519
Proceeds from liquidation of a subsidiary	6(29)	-	(49,519)
Net cash flows (used in) from investing activities		(67,345)	21,625
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	6(30)	20,000	20,000
Repayments of short-term borrowings	6(30)	(20,000)	(20,000)
Repayments of long-term borrowings	6(30)	(177,629)	(43,629)
Repayments of lease liabilities	6(30)	(10,132)	(9,185)
Proceeds from exercise of employee stock options		29,229	29
Net cash flows used in financing activities		(158,532)	(52,785)
Effect of changes in exchange rates		13,185	1,097
Net increase (decrease) in cash and cash equivalents		231,282	(96,962)
Cash and cash equivalents at beginning of year	6(1)	345,234	442,196
Cash and cash equivalents at end of year	6(1)	$ 576,516	$ 345,234

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

GCS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

GCS Holdings Inc. (the "Company") was incorporated in the Cayman Islands on November 30, 2010, as a holding company for the purpose of registering its shares with the Taipei Exchange. The Company was approved by the Financial Supervisory Commission to be listed on the Taipei Exchange. The Company's common shares have been traded on the Taipei Exchange since September 15, 2014.

The Company and subsidiaries (collectively referred herein as the "Group") are engaged in the manufacturing of compound semiconductor wafers and foundry related services as well as licensing of intellectual property. The Group is also engaged in the research, development, manufacture and sales of advanced optoelectronics technology products.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on February 18, 2025.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment:

A. Amendments to IAS 1, 'Classification of liabilities as current or non-current'

The amendments clarify that classification of liabilities depends on the rights that exist at the end of the reporting period. An entity shall classify a liability as current when it does not have a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. Also, the amendments define 'settlement' as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments. For the terms of a liability that could result in its settlement by the transfer of the entity's own equity instruments, such terms do not affect the classification of liabilities as current or non-current only if the entity classifies the option as an equity instrument to be recognised as an equity component of a compound financial instrument.

B. Amendments to IAS 1, 'Non-current liabilities with covenants'

The amendments clarify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. The amendments introduce additional disclosure requirements as to non-current liability which is subject to the covenants.

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and amd measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards-Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment：

A. IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs and relevant laws and regulations").

(2) Basis of preparation

A. Except for the 'Financial assets at fair value through other comprehensive income', the consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and can affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive loss is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2024	Ownership (%) December 31, 2023	Note
The Company	Global Communication Semiconductors, LLC	1. Manufacturing of compound semiconductor wafers and foundry related services as well as granting royalty rights for intellectual property 2. Manufacturing and selling of advanced optoelectronics technology products	100	100	-
The Company	GCS Device Technologies, Co., Ltd.	Product design and research development services	100	100	-
The Company	GCOM Semiconductor Co., Ltd.	Wholesaling and retailing of electronic components, product design, and outsourcing management services	-	-	(Note 1)
Global Communication Semiconductors, LLC	D-Tech Optoelectronics, Inc.	Developing, manufacturing and selling of photodiodes and avalanche photodiodes for telecommunication systems and data communication networks	100	100	-
D-Tech Optoelectronics, Inc.	D-Tech Optoelectronics (Taiwan) Corporation	Manufacturing, retailing and wholesaling of telecommunications devices, and manufacturing and wholesaling of electronic components	100	100	(Note 2)

Note 1: On November 1, 2022, the Company’s Board of Directors resolved to dissolve and liquidate the subsidiary, GCOM Semiconductor Co., Ltd. The Company also obtained the final letter of liquidation issued by the court on May 31, 2023, and collected the remaining investment amount of $49,519 on June 15, 2023.

Note 2: On November 1, 2022, the Company’s Board of Directors resolved to dissolve and liquidate the subsidiary, D-Tech Optoelectronics (Taiwan) Corporation. The Company obtained the dissolution registration letter approved by the local competent authority on December 22, 2023, and obtained the liquidation completion letter issued by the court on November 21, 2024. The liquidation process has not yet been completed.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) <u>Foreign currency translation</u>

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollars, which is the Company's functional and the Group's presentation currency; however, the consolidated financial statements are presented in New Taiwan dollars.

A. Foreign currency transactions and balances

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

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

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

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income (loss).

(5) <u>Classification of current and non-current items</u>

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

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

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

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

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

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

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Accounts receivable

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

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

(8) Impairment of financial assets

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

(9) Inventories

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

(10) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'Capital surplus' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. The Group accounts for its interest in a joint venture using equity method. Unrealized profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, all such losses shall be recognized immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(11) <u>Property, plant and equipment</u>

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

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

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

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

Buildings and structures	35 years
Machinery and equipment	6 ~ 7 years
Computer and communication equipment	5 years
Research equipment	5 ~ 7 years
Office equipment	5 ~ 10 years
Leasehold assets	2 ~ 15 years

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

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

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

Lease payments are comprised of the fixed payments, less any lease incentives receivable.

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

C. At the commencement date, the right-of-use asset is stated at cost comprizing the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

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

(13) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 5 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(14) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(15) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(16) Accounts payable

Accounts payable are liabilities for purchases of raw materials, goods or services are those resulting from operating and non-operating activities. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(17) Derecognition of financial liabilities

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

(18) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Termination benefits

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

D. Employees' compensation and directors' remuneration

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

(19) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognizes the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

(20) Income tax

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

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

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

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

(22) Revenue recognition

A. Sales of goods

(a) The Group engages in the manufacturing and selling of compound semiconductor wafer and advanced optoelectronics technology products. Sales are recognized when control of the products has been transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from these sales is recognized based on the price specified in the contract. A refund liability is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period.

(c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Royalty revenue

Some contracts require sales-based royalty in exchange for a license of intellectual property. The Group recognizes revenue when the performance obligation has been satisfied and the subsequent sale occurs.

C. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(23) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(24) Operating segments

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

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

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

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

None.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Evaluation of inventories

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

As of December 31, 2024, the carrying amount of inventories was $307,165.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	$ 54	$ 111
Checking accounts and demand deposits	543,672	345,123
Time deposits	32,790	-
	$ 576,516	$ 345,234

A. The Group transacts with a variety of financial institutions with high credit quality to disperse credit risk and expects that the probability of counterparty default is remote.

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

(2) Accounts receivable

	December 31, 2024	December 31, 2023
Accounts receivable	$ 317,860	$ 259,499
Accounts receivable-related party	35,098	4,830
	352,958	$ 264,329
Less: Loss allowance	(17,203)	(22,043)
	$ 335,755	$ 242,286

A. As of December 31, 2024 and 2023, accounts receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers was $202,474.

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

(3) Inventories

	December 31, 2024		
	Cost	Allowance	Book value
Raw materials	$ 161,665	($ 28,247)	$ 133,418
Work in progress	249,371	(106,448)	142,923
Finished goods	45,165	(14,341)	30,824
	$ 456,201	($ 149,036)	$ 307,165

	December 31, 2023		
	Cost	Allowance	Book value
Raw materials	$ 143,509	($ 24,653)	$ 118,856
Work in progress	227,611	(125,496)	102,115
Finished goods	51,998	(15,260)	36,738
	$ 423,118	($ 165,409)	$ 257,709

Expenses and costs incurred as cost of operating revenue for the years ended December 31, 2024 and 2023 were as follows:

	Years ended December 31, 2024	Years ended December 31, 2023
Cost of goods sold	$ 1,155,867	$ 1,070,487
(Gain) loss on (reversal of) decline in market price	(27,004)	71,251
Revenue from sale of scraps	(37,094)	(28,393)
Recognised as research and development expense	(4,733)	-
	$ 1,087,036	$ 1,113,345

The Group recognized gain on reversal of market price decline for the year ended December 31, 2024 due to the recovery of the market and some of the inventories previously written down were sold.

(4) Other current assets

Item	December 31, 2024	December 31, 2023
Time deposits (Note)	$ 171,325	$ 98,924
Refundable deposits	-	3,115
	$ 171,325	$ 102,039

A: Please refer to Note 8 for the information of the contracts secured by time deposits.

B: Please refer to Note 12(2) for the information of the time deposit credit risk.

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

Items	December 31, 2024	December 31, 2023
Non-current items:		
Equity instruments		
Unlisted, OTC, Emerging stocks	$ 1,492	$ 1,397
Valuation adjustment	-	-
	$ 1,492	$ 1,397

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $1,492 and $1,397 as of December 31, 2024 and 2023, respectively.

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

(6) Investments accounted for using the equity method

A. The Group's movements and details of investments accounted for using the equity method are as follows:

	2024	2023
At January 1	$ 1,625,600	$ 2,446,614
Disposal of investments accounted for using equity method	(195,025)	(171,674)
Share of net loss of investments accounted for using the equity method	(767,436)	(757,356)
Changes in capital surplus	37,330	131,741
(Loss) gain on disposal of investments transferred from other comprehensive income due to not recognized by shareholding percentage	(1,384)	2,452
Net exchange difference	56,684	(26,177)
At December 31	$ 755,769	$ 1,625,600

	December 31, 2024	December 31, 2023
Associate:		
Unikorn Semiconductor Corporation ("Unikorn")	$ -	$ 450,012
Joint ventures:		
Changzhou Chemsemi Co., Ltd. ("Chemsemi")	584,474	1,038,986
Shanghai Galasemi Co., Ltd. ("Shanghai Galasemi")	171,295	136,602
	$ 755,769	$ 1,625,600

B. The basic information of the associate and joint ventures that is material to the Group is as follows:

		Shareholding ratio			
Company name	Principal place of business	December 31, 2024	December 31, 2023	Nature of relationship	Methods of measurement
Unikorn	Taiwan	-	39.05%	Associate	Equity method
Chemsemi	China	20.69%	20.99%	Joint venture	Equity method
Shanghai Galasemi	China	48.00%	48.00%	Joint venture	Equity method

C. The summarized financial information of the associate and joint ventures that is material to the Group is as follows:

Balance sheet

	Unikorn			
	December 31, 2024		December 31, 2023	
Current assets	$	-	$	618,405
Non-current assets		-		1,243,672
Current liabilities		-	(	1,019,977)
Non-current liabilities		-	(	200,247)
Total net assets	$	-	$	641,853

	Chemsemi			
	December 31, 2024		December 31, 2023	
Current assets	$	863,927	$	1,217,741
Non-current assets		8,457,093		8,566,201
Current liabilities	(	1,965,939)	(	1,246,126)
Non-current liabilities	(	4,540,048)	(	3,591,291)
Total net assets	$	2,815,033	$	4,946,525

	Shanghai Galasemi			
	December 31, 2024		December 31, 2023	
Current assets	$	367,008	$	248,483
Non-current assets		179,719		171,876
Current liabilities	(	130,283)	(	61,073)
Non-current liabilities	(	40,426)	(	56,230)
Total net assets	$	376,018	$	303,056

	Unikorn			
	January 1 to August 7, 2024		Year ended December 31, 2023	
Net loss	($	691,036)	($	891,055)
Total comprehensive loss	($	691,100)	($	891,059)

	Chemsemi			
	Years ended December 31,			
	2024		2023	
Net loss/ total comprehensive loss	($	2,523,618)	($	1,757,884)

	Shanghai Galasemi			
	Years ended December 31,			
	2024		2023	
Net income/ total comprehensive income	$	60,935	$	33,648

D. In March and December 2022, the Group participated in Unikorn’s increase of common stocks for cash amounting to $600,000 thousand (USD 21,375 thousand) and $100,000 thousand (USD 3,256 thousand), respectively. Through the completion of participation in Unikorn’s issuance of common stocks, the Group holds 42.06% of Unikorn’s common stocks issued. Additionally, the Group did not participate in Unikorn’s 2023 increase of common stocks for cash in June 2023, resulting in a change in the shareholding ratio of Unikorn by the Group from 42.06% to 39.07%. Additionally, as Unikorn issued new shares for employee stock options in December 2023, resulting in a change in the shareholding ratio of Unikorn by the Group from 39.07% to 39.05%.

E. In February and October 2022, the Group participated in Chemsemi’s increase of common stocks for cash amounting to USD 15,837 thousand (NT$443,899 thousand) and USD 7,885 thousand (NT$251,191 thousand). In addition, the Group acquired the equity of Chemsemi from another shareholder at RMB 43,356 thousand (NT$191,137 thousand) in November 2022, and provided part of the shares of Chemsemi held by the Group to another shareholder as guarantee for the payment of the transfer of equity. As of December 31, 2024, the Group had paid all the transfer of equity. Therefore, the collateral had been unpledged on January 4, 2024.

F. The Group disposed certain equity interests of Chemsemi in November 2023. The disposal proceeds was USD 12,083 thousand (NT$376,378 thousand). The shareholding ratio after the above disposal was 20.99%.

G. The Group disposed entire equity interests of Unikorn in August 2024. The disposal proceeds was USD 13,712 thousand (NT$448,650 thousand). Gain on disposal of investments was USD 6,712 thousand (NT$219,607 thousand).

H. The Group did not participate in Chemsemi’s 2024 increase of common stocks for cash in December 2024, resulting in a change in the shareholding ratio of Chemsemi by the Group from 20.99% to 20.69%.

I. Please refer to Note 8 for information on guarantees provided by investments accounted for using the equity method.

(7) Property, plant and equipment

	Land	Buildings	Machinery equipment	Computer and communication equipment	Research equipment	Office equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1, 2024									
Cost	$ 141,420	$ 94,280	$ 1,454,917	$ 9,283	$ 162,138	$ 9,553	$ 306,573	$ 128,742	$ 2,306,906
Accumulated depreciation and impairment	-	(22,672)	(1,160,593)	(8,742)	(100,741)	(9,438)	(274,501)	-	(1,576,687)
	$ 141,420	$ 71,608	$ 294,324	$ 541	$ 61,397	$ 115	$ 32,072	$ 128,742	$ 730,219
2024									
Opening net book amount	$ 141,420	$ 71,608	$ 294,324	$ 541	$ 61,397	$ 115	$ 32,072	$ 128,742	$ 730,219
Additions	-	-	87,026	-	-	-	-	359,064	446,090
Transfers	-	-	125,739	-	144	-	-	(112,503)	13,380
Disposals	-	-	(21)	(52)	(1,190)	-	-	(13,380)	(14,643)
Depreciation charges	-	(2,817)	(105,574)	(277)	(15,659)	(66)	(7,290)	-	(131,683)
Net exchange differences	9,578	4,790	22,205	29	3,804	7	2,019	13,658	56,090
Closing net book amount	$ 150,998	$ 73,581	$ 423,699	$ 241	$ 48,496	$ 56	$ 26,801	$ 375,581	$ 1,099,453
At December 31, 2024									
Cost	$ 150,998	$ 100,665	$ 1,768,888	$ 6,222	$ 162,196	$ 10,178	$ 327,300	$ 375,581	$ 2,902,028
Accumulated depreciation and impairment	-	(27,084)	(1,345,189)	(5,981)	(113,700)	(10,122)	(300,499)	-	(1,802,575)
	$ 150,998	$ 73,581	$ 423,699	$ 241	$ 48,496	$ 56	$ 26,801	$ 375,581	$ 1,099,453

	Land	Buildings	Machinery equipment	Computer and communication equipment	Research equipment	Office equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1, 2023									
Cost	$ 141,420	$ 94,280	$ 1,346,758	$ 9,283	$ 160,802	$ 9,552	$ 306,573	$ 87,304	$ 2,155,972
Accumulated depreciation and impairment	-	(19,978)	(1,071,889)	(8,340)	(85,412)	(9,249)	(265,437)	-	(1,460,305)
	$ 141,420	$ 74,302	$ 274,869	$ 943	$ 75,390	$ 303	$ 41,136	$ 87,304	$ 695,667
2023									
Opening net book amount	$ 141,420	$ 74,302	$ 274,869	$ 943	$ 75,390	$ 303	$ 41,136	$ 87,304	$ 695,667
Additions	-	-	28,899	-	2,746	-	-	129,629	161,274
Transfers	-	-	87,149	-	448	-	-	(87,597)	-
Depreciation charges	-	(2,732)	(96,314)	(408)	(17,388)	(191)	(9,194)	-	(126,227)
Net exchange differences	-	38	(279)	6	201	3	130	(594)	(495)
Closing net book amount	$ 141,420	$ 71,608	$ 294,324	$ 541	$ 61,397	$ 115	$ 32,072	$ 128,742	$ 730,219
At December 31, 2023									
Cost	$ 141,420	$ 94,280	$ 1,454,917	$ 9,283	$ 162,138	$ 9,553	$ 306,573	$ 128,742	$ 2,306,906
Accumulated depreciation and impairment	-	(22,672)	(1,160,593)	(8,742)	(100,741)	(9,438)	(274,501)	-	(1,576,687)
	$ 141,420	$ 71,608	$ 294,324	$ 541	$ 61,397	$ 115	$ 32,072	$ 128,742	$ 730,219

A. Amount of borrowing costs capitalized as part of property, plant and equipment for the years ended December 31, 2024 and 2023: None.

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

(8) Leasing arrangements－lessee

A. The Group leases various assets including plants. Rental contracts are made for periods of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants. Short-term leases with a lease term of 12 months or less comprise of office premises and parking spaces. Low-value assets comprise of office equipment.

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

	December 31, 2024	December 31, 2023
	Carrying amount	Carrying amount
Buildings	$ 6,526	$ 15,280

	Years ended December 31,	
	2024	2023
	Depreciation charge	Depreciation charge
Buildings	$ 9,586	$ 9,300

C. The information on income and expense accounts relating to lease agreements is as follows:

	Years ended December 31,	
	2024	2023
Items affecting profit or loss		
Interest expense on lease liabilities	$ 396	$ 715
Expense on short-term lease agreements	2,415	2,408
Expense on leases of low-value assets	25	43

D. For the years ended December 31, 2024 and 2023, the Group’s total cash outflow for leases amounted to $12,968 and $12,351, respectively.

(9) Intangible assets

	Computer Software	Goodwill	Total
At January 1, 2024			
Cost	$ 75,772	$ 178,428	$ 254,200
Accumulated amortization and impairment	(71,716)	(178,428)	(250,144)
	$ 4,056	$ -	$ 4,056
2024			
At January 1	$ 4,056	$ -	$ 4,056
Addition	6,601	-	6,601
Amortization charges	(4,258)	-	(4,258)
Net exchange differences	324	-	324
At December 31	$ 6,723	$ -	$ 6,723
At December 31, 2024			
Cost	$ 74,096	$ 188,538	$ 262,634
Accumulated amortization and impairment	(67,373)	(188,538)	(255,911)
	$ 6,723	$ -	$ 6,723

	Computer Software	Goodwill	Total
At January 1, 2023			
Cost	$ 74,953	$ 178,428	$ 253,381
Accumulated amortization and impairment	(65,812)	(130,891)	(196,703)
	$ 9,141	$ 47,537	$ 56,678
2023			
At January 1	$ 9,141	$ 47,537	$ 56,678
Addition	2,065	-	2,065
Amortization charges	(7,224)	-	(7,224)
Impairment	-	(48,218)	(48,218)
Net exchange differences	74	681	755
At December 31	$ 4,056	$ -	$ 4,056
At December 31, 2023			
Cost	$ 75,772	$ 178,428	$ 254,200
Accumulated amortization and impairment	(71,716)	(178,428)	(250,144)
	$ 4,056	$ -	$ 4,056

A. Details of amortization on intangible assets are as follows:

	Years ended December 31,	
	2024	2023
Cost of operating revenue	$ 4,258	$ 7,224

B. Please refer to Note 6(10) for the information about the goodwill impairment assessment.

(10) Impairment of non-financial assets

As of December 31, 2024, the Group's assumptions used for impairment testing did not change significantly.

(11) Non-current assets

Item	December 31, 2024	December 31, 2023
Prepayments for equipment	$ 2,267	$ 14,278
Refundable deposits (Note)	2,524	2,381
	$ 4,791	$ 16,659

Note: Please refer to Note 8 for the information of the contracts secured by refundable deposits.

(12) Short-term borrowings

Type of borrowings	December 31, 2024	December 31, 2023	Collateral
Bank borrowings			
Secured borrowings	$ 20,000	$ 20,000	Time deposit (Note)
Interest rate range	2.58%	2.40%	

Note: Please refer to Note 8 for the information of the Group's assets pledged to secured borrowings.

(13) Other payables

	December 31, 2024	December 31, 2023
Accrued salaries and bonuses	$ 50,923	$ 23,722
Accrued unused compensated absences	28,493	25,891
Accrued outsourcing manufacturing services charges	5,593	5,829
Accrued maintenance expenses	4,149	4,037
Accrued utilities	3,442	3,556
Payables for miscellaneous expenses	2,905	2,411
Accrued professional service fees	1,530	202
Payables for equipment	4	15,541
Other accrued expenses	13,535	16,611
	$ 110,574	$ 97,800

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2024	December 31, 2023
Secured borrowings (Note 1)	(Note 2)	4.50%~ 6.50%	Land and buildings (Note 4)	$ 170,291	$ 203,842
Secured borrowings (Note 1)	(Note 3)	4.00%~ 5.00%	Standby letter of credit issued for collateral (Note 4)	-	125,532
				170,291	329,374
Less: Current portion				(6,511)	(329,374)
				$ 163,780	$ -

Note 1: According to the secured loan contract, the Group was required to comply with certain financial covenants by maintaining certain financial ratios during the contract period. On December 31, 2023, the Group did not meet the abovementioned certain financial ratios, the bank had the right to require the Group to make early repayment of the outstanding loan amount. The outstanding loan amount had been reclassified to long-term borrowings, current portion. As of December 31, 2024, the Group had not violated any of the required financial covenants.

Note 2: Borrowing period is from August 6, 2015 to August 6, 2022; interest and principal are repayable monthly. On July 12, 2021, the Company's subsidiary, Global Communication Semiconductor, LLC made amendments to the aforementioned long-term loan contract with the bank. The main amendments are that the borrowing amount is adjusted to USD 7,100 thousand with the maturity date on August 6, 2031, and the borrowing rate was adjusted to 3.50%. Additionally, starting from March 1, 2023, due to the adjustment of base interest rate, the borrowing rate was adjusted to 4.50% from 3.50%. On June 4, 2024, the Company's subsidiary, Global Communication Semiconductor, LLC made amendments to the aforementioned long-term loan contract with the bank. The main amendment is that the borrowing rate was adjusted to 6.50% from 4.50%.

Note 3: Borrowing period is from April 22, 2022 to December 31, 2026; interest and principal are repayable monthly. The Company's subsidiary, Global Communication Semiconductors, LLC made amendments to this long-term loan and security agreement with Bank on August 7, 2023. The main amendments is that the Company guaranteed the loan by standby letter of credit. The payment was fully repaid on January 19, 2024.

Note 4 Please refer to Note 8 for the information of the Group's assets pledged for secured borrowings.

(15) Pension plan

A. The Group's US subsidiary has established a 401(K) pension plan (the "Plan") covering substantially all employees. The Plan provides voluntary salary reduction contributions by eligible participants in accordance with Section 401(K) of the Internal Revenue Code (IRC), as well as discretionary matching contributions below 15% of employees' salaries from the Company's subsidiary to its employees' individual pension accounts.

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

C. The pension costs under the above pension plans of the Group for the years ended December 31, 2024 and 2023 amounted to $18,180 and $18,069, respectively.

(16) Share-based payment-employee compensation plan

A. Through December 31, 2024 and 2023, the Group's share-based payment transactions are set forth below:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting condition
Employee stock options	April 2013	1,538,000 shares	10 years	(Note 1)
Employee stock options	October 2013	538,000 shares	10 years	(Note 1)
Employee stock options	February 2015	652,200 shares	10 years	(Note 1)
Employee stock options	August 2016	895,000 shares	10 years	(Note 1)
Employee stock options	November 2016	34,000 shares	10 years	(Note 1)
Employee stock options	February 2017	15,000 shares	10 years	(Note 1)
Employee stock options	August 2017	215,000 shares	10 years	(Note 1)
Employee stock options	January 2018	13,000 shares	10 years	(Note 1)
Employee stock options	February 2018	355,000 shares	10 years	(Note 1)
Employee stock options	August 2018	27,000 shares	10 years	(Note 1)
Employee stock options	March 2019	578,000 shares	10 years	(Note 1)
Employee stock options	August 2019	40,000 shares	10 years	(Note 1)
Employee stock options	March 2020	250,000 shares	10 years	(Note 1)
Employee stock options	August 2020	3,000 shares	10 years	(Note 1)
Employee stock options	November 2020	6,000 shares	10 years	(Note 1)
Employee stock options	March 2021	820,000 shares	10 years	(Note 1)
Employee stock options	February 2022	454,000 shares	10 years	(Note 1)
Employee stock options	August 2022	23,000 shares	10 years	(Note 1)
Employee stock options	November 2022	36,000 shares	10 years	(Note 1)
Employee stock options	February 2023	40,000 shares	10 years	(Note 1)
Employee stock options	May 2023	75,000 shares	10 years	(Note 1)
Employee stock options	July 2023	18,000 shares	10 years	(Note 1)

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting condition
Employee stock options	February 2024	3,000 shares	10 years	(Note 1)
Restricted stocks to employees (Note 3)	March 2021	427,000 shares	2 years	(Note 2)
Restricted stocks to employees (Note 3)	February 2022	445,000 shares	2 years	(Note 2)
Restricted stocks to employees (Note 3)	February 2023	483,000 shares	2 years	(Note 2)
Restricted stocks to employees (Note 3)	February 2024	551,690 shares	2 years	(Note 2)

Note 1: Some employee stock options shall be vested and become exercisable up to 50% of the shares after fulfilling two years of service, and in accordance with the agreement, the remaining 50% of such options will be vested ratably in equal installments as of the last day of each of the succeeding 24 months.

Note 2: Some restricted stocks to employees shall be vested up to 50% of the shares after one year of service, and the remaining 50% of such shares to be vested after fulfilling two years of service.

Note 3: The restricted stocks to employees are restricted from transferring within vesting period, but are allowed for voting rights and rights to receive dividends. The Company will recover restricted stocks at no consideration and cancel registration if employees resign or die not due to occupational hazards. However, employees do not need to return dividends already received.

B. Details of the employee stock options are set forth below:

	Year ended December 31, 2024		
	No. of options	Currency	Weighted average exercise price
			(in dollars)
Options outstanding at beginning of the year	3,287,369	NTD	$ 54.76
Options granted	3,000	NTD	30.35
Options exercised	(531,938)	NTD	55.35
Options forfeited	(74,000)	NTD	44.62
Options outstanding at end of the year	2,684,431	NTD	54.89
Options exercisable at end of the year	2,419,876	NTD	56.43

	Year ended December 31, 2023			
	No. of options	Currency	Weighted average exercise price	
				(in dollars)
Options outstanding at beginning of the year	3,454,120	NTD	$	53.52
Options granted	133,000	NTD		34.97
Options exercised	(2,667)	NTD		11.10
Options forfeited	(297,084)	NTD		31.91
Options outstanding at end of the year	3,287,369	NTD		54.76
Options exercisable at end of the year	2,490,744	NTD		58.18

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2024 and 2023 were $114.72 and $37.82 (in dollars), respectively.

D. As of December 31, 2024 and 2023, the range of exercise prices of stock options outstanding are as follows:

		December 31, 2024			
Grant date	Expiry date	No. of Shares	Currency	Stock options exercise price	
					(in dollars)
February 2015	February 2025	175,931	NTD	$	39.30
August 2016	August 2026	395,000	NTD		62.70
November 2016	November 2026	8,000	NTD		61.40
February 2017	February 2027	15,000	NTD		54.50
August 2017	August 2027	125,000	NTD		63.40
February 2018	February 2028	315,000	NTD		79.70
August 2018	August 2028	11,000	NTD		61.00
March 2019	March 2029	485,000	NTD		58.20
March 2020	March 2030	160,000	NTD		43.80
August 2020	August 2030	3,000	NTD		52.50
November 2020	November 2030	3,000	NTD		47.00
March 2021	March 2031	485,125	NTD		48.70
February 2022	February 2032	353,042	NTD		45.90
August 2022	August 2032	11,333	NTD		39.85
November 2022	November 2032	23,000	NTD		35.05
February 2023	February 2033	35,000	NTD		38.65
May 2023	May 2033	75,000	NTD		33.20
July 2023	July 2033	3,000	NTD		34.20
February 2024	February 2034	3,000	NTD		30.35
		2,684,431			

		December 31, 2023		
Grant date	Expiry date	No. of Shares	Currency	Stock options exercise price
				(in dollars)
February 2015	February 2025	223,369	NTD	$ 39.30
August 2016	August 2026	601,000	NTD	62.70
November 2016	November 2026	8,000	NTD	61.40
February 2017	February 2027	15,000	NTD	54.50
August 2017	August 2027	200,000	NTD	63.40
January 2018	January 2028	8,000	NTD	82.70
February 2018	February 2028	315,000	NTD	79.70
August 2018	August 2028	11,000	NTD	61.00
March 2019	March 2029	485,000	NTD	58.20
August 2019	August 2029	25,000	NTD	56.80
March 2020	March 2030	180,000	NTD	43.80
August 2020	August 2030	3,000	NTD	52.50
November 2020	November 2030	6,000	NTD	47.00
March 2021	March 2031	616,000	NTD	48.70
February 2022	February 2032	399,000	NTD	45.90
August 2022	August 2032	23,000	NTD	39.85
November 2022	November 2032	36,000	NTD	35.05
February 2023	February 2033	40,000	NTD	38.65
May 2023	May 2033	75,000	NTD	33.20
July 2023	July 2033	18,000	NTD	34.20
		3,287,369		

E. Details of the restricted stocks to employees are set forth below:

	Years ended December 31,	
Employee restricted stocks	2024	2023
	No. of shares	No. of shares
Outstanding at beginning of the year	673,000	575,000
Granted (Notes 1 and 2)	551,690	483,000
Vested	(435,500)	(366,500)
Retired (cancelled)	(22,500)	(12,500)
Retired (uncancelled)	-	(6,000)
Outstanding at end of the year	766,690	673,000

Note 1: For the restricted stocks granted with the compensation cost accounted for using the fair value method, the fair values on the grant date are calculated based on the closing price on the grant date.

Note 2: The fair value of restricted stocks granted in February 2024 and 2023 was $30.35 (in dollars) and $38.65 (in dollars), respectively.

F. For the stock options granted with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The parameters used in the estimation of the fair value are as follows:

Type of arrangement	Grant date	Currency	Fair value	Exercise price	Expected price volatility	Expected option period	Expected dividend yield rate	Risk-free interest rate	Weighted average fair value
			(in dollars)	(in dollars)		(years)			(in dollars)
Employee stock options	February 2023	NTD	$38.55	$38.65	15.12%	6.26	1.00%	1.20%	$11.63
Employee stock options	May 2023	NTD	$34.96	$33.20	19.10%	6.26	1.00%	1.16%	$12.61
Employee stock options	July 2023	NTD	$32.47	$34.20	30.71%	6.26	1.00%	1.25%	$12.63
Employee stock options	February 2024	NTD	$31.08	$30.35	12.68%	6.26	1.00%	1.21%	$9.93

G. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2024	2023
Equity-settled	$ 17,200	$ 22,385

(17) Common stock

A. As of December 31, 2024, the Company's paid-in capital was $1,123,383, consisting of 112,338,362 shares with a par value of $10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follows:

Unit: Numbers of shares

	2024	2023
Outstanding ordinary shares at January 1	111,277,234	110,810,067
Exercise of employee stock options	531,938	2,667
Issuance of restricted stocks to employees	551,690	483,000
Retirement of restricted stocks to employees	(22,500)	(12,500)
Restricted stocks retrieved from employees and to be cancelled	-	(6,000)
Outstanding ordinary shares at December 31	112,338,362	111,277,234
Restricted stocks retrieved from employees and to be cancelled	-	6,000
Issued ordinary shares at December 31	112,338,362	111,283,234

B. On June 5, 2020, the shareholders adopted a resolution to reserve 1,000,000 shares for the purpose of granting employee restricted stocks with par value of $10 (in dollars) per shares, with the effective date filed with the regulator. The subscription price is $0 (in dollar) per share. The employee restricted stocks issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares. On March 19, 2021, the Board of Directors resolved to grant 427,000 employee restricted stocks. As of December 31, 2024, the Company had retrieved 78,500 employee restricted stocks in total due to the employees' resignation, and the retrieved shares have been retired.

C. On July 2, 2021, the shareholders adopted a resolution to reserve 1,000,000 shares for the purpose of granting employee restricted stocks with par value of $10 (in dollars) per shares, with the effective date filed with the regulator. The subscription price is $0 (in dollar) per share. The employee restricted stocks issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares. On February 23, 2022, the Board of Directors resolved to grant 445,000 employee restricted stocks. As of December 31, 2024, the Company had retrieved 45,000 employee restricted stocks in total due to the employees' resignation, and the retrieved shares have been retired.

D. On May 20, 2022, the shareholders adopted a resolution to reserve 1,000,000 shares for the purpose of granting employee restricted stocks with par value of $10 (in dollars) per shares, with the effective date filed with the regulator. The subscription price is $0 (in dollar) per share. The employee restricted stocks issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares. On February 20, 2023, the Board of Directors resolved to grant 483,000 employee restricted stocks. As of December 31, 2024, the Company had retrieved 16,500 employee restricted stocks in total due to the employees' resignation, and the retrieved shares have been retired.

E. On June 6, 2023, the shareholders adopted a resolution to reserve 1,000,000 shares for the purpose of granting employee restricted stocks with par value of $10 (in dollars) per shares, with the effective date filed with the regulator. The subscription price is $0 (in dollar) per share. The employee restricted stocks issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares. On February 20, 2024, the Board of Directors resolved to grant 551,690 employee restricted stocks. As of December 31, 2024, the Company had retrieved 14,000 employee restricted stocks in total due to the employees' resignation, and the retrieved shares have been retired.

F. The Company's GDRs began trading on the Luxembourg Stock Exchange on January 21, 2019. The actual number of units of GDRs for this offering was 1,600,000 and each GDR represents five of the Company's ordinary shares, which in the aggregate representing 8,000,000 ordinary shares. As of December 31, 2024, there was no outstanding GDRs.

The terms of GDR are as follows:

(a)Voting rights

The voting right of GDR holders may, pursuant to the Depositary Agreement and the relevant laws and regulations of the R.O.C., exercise the voting rights pertaining to the underlying common shares represented by the GDRs.

(b)Dividends, stocks warrant and other rights

GDR holders and common shareholders are all entitled to receive dividends, stock warrants and other rights.

(18) Capital surplus

Capital surplus can be used to cover accumulated deficit or distributed as dividend as proposed by the Board of Directors and resolved by the shareholders.

	2024					
	Share premium	Employee stock options	Employee restricted stocks	Recognized changes in equity of associates	Others	Total
At January 1	$ 1,997,655	$ 75,984	$ 24,063	$ 529,861	$ 45,617	$ 2,673,180
Compensation costs of share-based payment	-	584	-	-	-	584
Proceeds from disposal of investments accounted for using equity method	-	-	-	(107)	-	(107)
Issuance of restricted stocks to employees	-	-	11,209	-	-	11,209
Retirement of restricted stocks to employees	-	-	(626)	-	-	(626)
Restricted stocks to employees vested	15,038	-	(15,038)	-	-	-
Exercise of employee stock options	44,281	(20,371)	-	-	-	23,910
Retirement of employee stock options	-	(1,337)	-	-	146	(1,191)
Capital surplus used to compensate accumulated deficits	(255,554)	-	-	(529,861)	-	(785,415)
Recognized changes in equity of associates	-	-	-	37,330	-	37,330
At December 31	$ 1,801,420	$ 54,860	$ 19,608	$ 37,223	$ 45,763	$ 1,958,874

	2023					
	Share premium	Employee stock options	Employee restricted stocks	Recognized changes in equity of associates	Others	Total
At January 1	$ 1,982,312	$ 77,389	$ 26,476	$ 696,464	$ 42,502	$ 2,825,143
Compensation costs of share-based payment	-	4,294	-	-	-	4,294
Proceeds from disposal of investments accounted for using equity method	-	-	-	(68,610)	-	(68,610)
Issuance of restricted stocks to employees	-	-	13,847	-	-	13,847
Retirement of restricted stocks to employees	-	-	(969)	-	-	(969)
Restricted stocks to employees vested	15,291	-	(15,291)	-	-	-
Exercise of employee stock options	52	(49)	-	-	-	3
Retirement of employee stock options	-	(5,650)	-	-	3,115	(2,535)
Capital surplus used to compensate accumulated deficits	-	-	-	(229,734)	-	(229,734)
Recognized changes in equity of associates	-	-	-	131,741	-	131,741
At December 31	$ 1,997,655	$ 75,984	$ 24,063	$ 529,861	$ 45,617	$ 2,673,180

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset losses incurred in previous years and then a special reserve as required by the applicable securities authority under the applicable public company rules in Taiwan. After combining accumulated undistributed earnings in the previous years and setting aside a certain amount of remaining profits of such financial year as a reserve or reserves for development purposes as the Board of Directors may from time to time deem appropriate, subject to the compliance with the Cayman Islands Companies Law, the Company shall distribute no less than 10% of the remaining profit as dividends to the shareholders. The stipulates distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and reported to the Company's shareholders in its meeting.

B. The Company's dividend policy is as follows: As the Company operates in a capital intensive industry and in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's operation scale, cash flow demand and future expansion plans, and cash dividends shall account for at least 10% of the total dividends distributed.

C. On June 6, 2023, after considering the Company's future operating development, the shareholders' meeting resolved to use capital surplus of $229,734 to compensate the deficit in the 2022 deficit compensation proposal.

On June 6, 2024, after considering the Company's future operating development, the shareholders' meeting resolved the 2023 deficit compensation proposal to use special reserve of $6,821 and capital surplus of $785,415 to compensate the deficits.

Information about the appropriations of earnings resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) Other equity interest

	2024			
	Currency translation differences	Share of other comprehensive income (loss) of subsidiaries, associate and joint ventures accounted for using equity method, financial statements translation differences of foreign operations	Unearned employee compensation	Total
At January 1	$ 137,675	($ 149,534)	($ 4,128)	($ 15,987)
Currency translation differences				
-Group	229,720	(2,097)	-	227,623
-Associates	-	(72,376)	-	(72,376)
-Associates- transfer to net (income) loss from disposal of investments	-	34,873	-	34,873
Compensation costs of share-based payment	-	-	17,807	17,807
Issuance of restricted stocks to employees	-	-	(16,726)	(16,726)
Retirement of restricted stocks to employees	-	-	911	911
At December 31	$ 367,395	($ 189,134)	($ 2,136)	$ 176,125

	2023			
	Currency translation differences	Share of other comprehensive income (loss) of subsidiaries, associate and joint ventures accounted for using equity method, financial statements translation differences of foreign operations	Unearned employee compensation	Total
At January 1	$ 127,150	($ 129,588)	($ 7,321)	($ 9,759)
Currency translation differences				
-Group	10,525	(860)	-	9,665
-Group- transfer to net income (loss) from disposal of investment	-	(24)	-	(24)
-Associates	-	(35,483)	-	(35,483)
-Associates- transfer to net loss from disposal of investments	-	16,421	-	16,421
Compensation costs of share-based payment	-	-	20,626	20,626
Issuance of restricted stocks to employees	-	-	(18,677)	(18,677)
Retirement of restricted stocks to employees	-	-	1,244	1,244
At December 31	$ 137,675	($ 149,534)	($ 4,128)	($ 15,987)

(21) Operating revenue

	Years ended December 31,	
	2024	2023
Revenue from contracts with customers	$ 1,750,044	$ 1,350,604

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

	Year ended December 31, 2024		
	Sales revenue	Royalty revenue	Total
China	$ 1,067,911	$ 43,333	$ 1,111,244
United States	473,750	-	473,750
Taiwan	40,703	655	41,358
Others	123,692	-	123,692
	$ 1,706,056	$ 43,988	$ 1,750,044

	Year ended December 31, 2023		
	Sales revenue	Royalty revenue	Total
China	$ 546,791	$ 7,231	$ 554,022
United States	545,071	-	545,071
Taiwan	34,534	257	34,791
Others	216,720	-	216,720
	$ 1,343,116	$ 7,488	$ 1,350,604

B. Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities – advance sales receipts	$ 8,014	$ 11,815	$ 12,516

Revenue recognized that was included in the contract liability balance at the beginning of the periods:

	Years ended December 31,	
	2024	2023
Contract liabilities – advance sales receipts	$ 8,603	$ 9,057

(22) Other income

	Years ended December 31,	
	2024	2023
Government subsidy income (Note)	$ 124,341	$ -
Others	-	22
	$ 124,341	$ 22

Note: In 2021, the Company's subsidiaries, Global Communication Semiconductor, LLC and D-Tech Optoelectronics, Inc., were affected by Severe Pneumonia with Novel Pathogens (COVID-19). Nevertheless, the subsidiaries still retained their employees, thereby they were qualified for the Employee Retention Tax Credit (ERTC). For the year ended December 31, 2024, the subsidiaries received relevant government subsidies which were recognized as income.

(23) Other gains and losses

	Years ended December 31, 2024	Years ended December 31, 2023
Gain on disposal of property, plant and equipment	$ 35	$ -
Loss on subsidiary liquidation	-	(105)
Gain on disposal of investments	218,223	256,893
Net currency exchange losses	(3,599)	(3,483)
Impairment loss of intangible assets	-	(48,218)
Other losses	(1,889)	(12,663)
	$ 212,770	$ 192,424

(24) Finance costs

	Years ended December 31, 2024	Years ended December 31, 2023
Interest expense	$ 11,009	$ 16,853
Leased liabilities - Interest expense	396	715
	$ 11,405	$ 17,568

(25) Expenses by nature

	Years ended December 31, 2024	Years ended December 31, 2023
Employee benefit expense	$ 695,558	$ 651,396
Depreciation charges on property, plant and equipment and right-of-use assets	$ 141,269	$ 135,527
Amortization charges on intangible assets	$ 4,258	$ 7,224

(26) Employee benefit expense

	Years ended December 31, 2024	Years ended December 31, 2023
Wages and salaries	$ 602,681	$ 553,957
Compensation costs of share-based payment	17,200	22,385
Insurance expenses	53,429	56,034
Pension costs	18,180	18,069
Other personnel expenses	4,068	951
	$ 695,558	$ 651,396

A. According to the Articles of Incorporation of the Company, when distributing earnings, an amount equal to the ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be higher than 15% and lower than 5% for employees' compensation and shall not be higher than 2% for directors' remuneration.

B. For the years ended December 31, 2024 and 2023, the Company did not accrue employees' compensation and directors' remuneration, due to net loss before tax.

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

(27) Income tax

A. Income tax (benefit) expense

Components of income tax (benefit) expense:

	Years ended December 31,	
	2024	2023
Current tax:		
Current tax on profits for the period	$ 17,660	($ 206)
Prior year income tax (over) underestimation	(16,815)	8
Total current tax	845	(198)
Deferred tax:		
Origination and reversal of temporary differences	794	(13,891)
Total deferred tax	794	(13,891)
Income tax expense (benefit)	$ 1,639	($ 14,089)

B. Reconciliation between income tax benefit and accounting profit

	Years ended December 31,	
	2024	2023
Tax calculated based on loss before tax and statutory tax rate (note)	$ 43,195	($ 32,103)
Expenses/(income) disallowed by tax regulation	36,788	(13,182)
Change in assessment of realization of deferred tax assets	-	31,188
Effect from investment tax credits	(61,529)	-
Prior year income tax (over) underestimation	(16,815)	8
Income tax expense (benefit)	$ 1,639	($ 14,089)

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2024			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
－Deferred tax assets:				
Temporary differences:				
Unrealized allowance for inventory decline in market value	$ 27,965	($ 5,823)	$ -	$ 22,142
Accrued unused compensated absences	6,600	770	-	7,370
Other	4,049	3,000	-	7,049
Research and development tax credit	121,056	35,592	-	156,648
Subtotal	159,670	33,539	-	193,209
－Deferred tax liabilities:				
Depreciation - U.S. Federal tax	($ 75,811)	($ 32,796)	$ -	($ 108,607)
Depreciation - U.S. state tax	(7,653)	(1,537)	-	(9,190)
Subtotal	(83,464)	(34,333)	-	(117,797)
Total	$ 76,206	($ 794)	$ -	$ 75,412

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
—Deferred tax assets:				
Temporary differences:				
Unrealized allowance for inventory decline in market value	$ 14,929	$ 13,036	$ -	$ 27,965
State tax paid	2	(2)	-	-
Accrued unused compensated absences	6,600	-	-	6,600
Other	34,624	(30,575)	-	4,049
Research and development tax credit	71,697	49,359	-	121,056
Subtotal	127,852	31,818	-	159,670
—Deferred tax liabilities:				
Depreciation - U.S. Federal tax	($ 57,520)	($ 18,291)	$ -	($ 75,811)
Depreciation - U.S. state tax	(8,017)	364	-	(7,653)
Subtotal	(65,537)	(17,927)	-	(83,464)
Total	$ 62,315	$ 13,891	$ -	$ 76,206

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	Years ended December 31,	
	2024	2023
Deductible temporary differences	$ 2,562,199	$ 2,214,838

E. The Company has not recognised taxable temporary differences associated with joint ventures accounted for using equity method as deferred tax liabilities. As of December 31, 2024 and 2023, the amounts of temporary difference unrecognised as deferred tax liabilities were $31,310 and $190,916, respectively.

F. Through December 31, 2024, the assessment of income tax returns of the Taiwan subsidiaries are as follows:

Name of subsidiary	Assessment of income tax returns
Global Device Technologies, Co., Ltd.	Assessed and approved up to 2022
D-Tech Optoelectronics (Taiwan) Corporation	Assessed and approved up to 2022

(28) Losses per share

Details of ordinary stocks, losses per share are as follows:

	Year ended December 31, 2024		
	Amount after tax	Weighted average outstanding stocks (in thousand of shares)	Losses per share (in dollars)
Basic losses per share			
Losses attributable to ordinary shareholders of the parent (Note)	($ 236,986)	111,041	($ 2.13)

	Year ended December 31, 2023		
	Amount after tax	Weighted average outstanding stocks (in thousand of shares)	Losses per share (in dollars)
Basic losses per share			
Losses attributable to ordinary shareholders of the parent (Note)	($ 792,236)	110,371	($ 7.18)

Note: The employees' compensation, employee stock options and employee restricted stocks have anti-dilutive effect for the years ended December 31, 2024 and 2023, as a result, would not be considered while calculating the diluted EPS.

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31, 2024	Years ended December 31, 2023
Acquisition of property, plant and equipment(including transfer)	$ 459,470	$ 161,274
Add: Ending balance of prepayments for equipment (Note 1)	2,267	14,278
Less: Beginning balance of prepayments for equipment (Note 1)	(14,278)	(67,556)
Less: Ending balance of payables for equipment	(4)	(15,541)
Add: Beginning balance of payables for equipment	15,541	5,775
Cash paid	$ 462,996	$ 98,230

Note 1：Shown as "Other non-current assets".

	Years ended December 31,	
	2024	2023
Addition of investments accounted for using the equity method	$ -	$ -
Add: Opening balance of payable for investment (Note 2)	-	191,137
Less: Net exchange differences	-	-
Cash paid	$ -	$ 191,137

Note 2：Shown as “Other payables”.

B. Investing activities with partial cash receivable:

	Years ended December 31,	
	2024	2023
Proceeds from disposal of property, plant and equipment	$ 14,675	$ -
Add: Opening balance of receivables from disposal of equipment (Note)	-	5,682
Less: Ending balance of receivables from disposal of equipment (Note)	-	-
Less: Net exchange differences	2	(30)
	$ 14,677	$ 5,652

Note：Shown as “Other receivables - related parties”.

C. On November 1, 2022, the Company’s Board of Directors resolved to dissolve and liquidate the subsidiary, GCOM Semiconductor Co., Ltd. The Company also obtained the final letter of liquidation issued by the court on May 31, 2023, and received the remaining investment amount of $49,519 on June 15, 2023, and recognized the liquidation loss of $105. The relevant assets and liabilities of the subsidiary on the date of liquidation are as follows:

	May 31, 2023
Carrying amount of the assets and liabilities of the subsidiary	
Cash	$ 49,519
Total net assets	$ 49,519
Shareholding ratio on liquidation date	100%
Book value on liquidation date	$ 49,519

(30) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Long-term borrowings (including current portion)	Liabilities from financing activities
At January 1, 2024	$ 20,000	$ 15,184	$ 329,374	$ 364,558
Changes in cash flow from financing activities	-	(10,132)	(177,629)	(187,761)
Interest expense	-	396	-	396
Interest paid	-	(396)	-	(396)
Net exchange differences	-	813	18,546	19,359
At December 31, 2024	$ 20,000	$ 5,865	$ 170,291	$ 196,156

	Short-term borrowings	Lease liabilities	Long-term borrowings (including current portion)	Liabilities from financing activities
At January 1, 2023	$ 20,000	$ 24,238	$ 372,387	$ 416,625
Changes in cash flow from financing activities	-	(9,185)	(43,629)	(52,814)
Interest expense	-	715	-	715
Interest paid	-	(715)	-	(715)
Net exchange differences	-	131	616	747
At December 31, 2023	$ 20,000	$ 15,184	$ 329,374	$ 364,558

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Changzhou Chemsemi Co., Ltd. (“Chemsemi”)	The investee company accounted for using the equity method by the Company
Shanghai Galasemi Co., Ltd. (“Shanghai Galasemi”)	The investee company accounted for using the equity method by the Company
Changzhou Galasemi Co., Ltd. (“Changzhou Galasemi”)	The subsidiary wholly owned by the investee company accounted for using the equity method by the Company
Unikorn Semiconductor Corporation (“Unikorn”)	Other related parties(Note)
Epistar Corporation ("Epistar")	Other related parties

Note: The Group disposed entire equity interests of Unikorn in August 2024. Therefore, Unikorn is no longer an investee company accounted for using the equity method by the Group.

(2) Significant related party transactions and balances

A. Operating revenue:

	Years ended December 31, 2024	Years ended December 31, 2023
Sales of goods:		
Changzhou Galasemi	$ 10,444	$ 6,718
Royalty revenue:		
Shanghai Galasemi	$ 43,333	$ 7,231

B. Purchases:

	Years ended December 31, 2024	Years ended December 31, 2023
Purchases of goods:		
Unikorn	$ 2,561	$ 334

C. Receivables from related parties:

	December 31, 2024	December 31, 2023
Accounts receivable:		
Changzhou Galasemi	$ 7,454	$ 377
Shanghai Galasemi	27,644	4,453
	$ 35,098	$ 4,830

Accounts receivable arise mainly from sale transactions and royalty income.

D. Payables to related parties:

	December 31, 2024	December 31, 2023
Accounts payable:		
Unikorn	$ 354	$ -
Other payables:		
Unikorn	538	4,754
Changzhou Galasemi	3,801	3,351
	$ 4,693	$ 8,105

E. Prepayments:

	December 31, 2024
Unikorn	$ 10,000

December 31, 2023：None.

The prepayment is derived from the transaction of acquiring machinery and equipment.

F. Property transactions:

(a) Acquisition of equipment:

	Year ended December 31, 2024
Unikorn	$ 436,400

December 31, 2023：None.

(b) Acquisition of intangible assets:

	Year ended December 31, 2024
Unikorn	$ 5,250

December 31, 2023：None.

(c) Disposal of equipment:

	Year ended December 31, 2024	
	Disposal proceeds	Gain (loss) on disposal
Unikorn	$ 1,399	$ 189

December 31, 2023：None.

(d) Disposal of financial assets:

Transaction company	Accounts	No. of shares	Objects	Year ended December 31, 2024	
				Proceeds	Gain/(loss)
Epistar	Investments accounted for using equity method	131,400,000	Equity of Unikorn	$ 450,000	$ 219,607

December 31, 2023：None.

G. Other transactions:

Transaction company	Item	Transaction amounts	
		Years ended December 31,	
		2024	2023
Unikorn	Outsourcing manufacturing services charges	$ 33,006	$ 54,893
Changzhou Galasemi	Outsourcing manufacturing services charges	30,669	12,037
		$ 63,675	$ 66,930

(3) Key management compensation

	Years ended December 31,	
	2024	2023
Salaries and other short-term employee benefits	$ 102,379	$ 73,080
Post-employment benefits	2,805	2,854
Compensation costs of share-based payment	4,333	4,938
	$ 109,517	$ 80,872

8. PLEDGED ASSETS

As of December 31, 2024 and 2023, the Group's assets pledged as collateral were as follows:

	Book value		
Assets	December 31, 2024	December 31, 2023	Purpose
Investments accounted for using equity method	$ -	$ 143,069	Guarantee for equity transfer payment (Note 1)
Land	150,998	141,420	Long-term borrowings (Note 2)
Buildings	73,581	71,608	Long-term borrowings (Note 2)
Time deposits (Shown as "Other current assets")	36,801	33,188	Short-term borrowings
Time deposits (Shown as "Other current assets")	-	65,710	Standby letter of credit issued for collateral
Refundable deposits (Shown as "Other non-current assets")	2,524	2,381	Deposits for office rental and waste water treatment

Note 1: Please refer to Note 6(6) for investments accounted for using the equity method.

Note 2: Including current portion.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	December 31, 2024	December 31, 2023
Property, plant and equipment	$ 4,825	$ 5,569

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On February 18, 2025, the Board of Directors resolved to issue 1,500,000 employee restricted ordinary shares with a par value of $10 (in dollars) per share. After being approved by the Company's shareholders during their meeting in 2025, this resolution will be reported to the competent authority for approval, and then the shares are issued subsequently.

12. OTHERS

(1) Capital management

In order to safeguard the Group's ability to adapt to the changes in the industry and to accelerate the new product development, the Company's objective when managing capital is to maintain sufficient financial resources to support the operating capital, capital expenditures, research and development activities, repayment of debts and dividend paid to shareholders, etc.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2024	December 31, 2023
Financial assets		
Financial assets measured at fair value through other comprehensive income		
Designation of equity instrument	$ 1,492	$ 1,397
Financial assets at amortized cost		
Cash and cash equivalents	576,516	345,234
Accounts receivable (including related parties)	335,755	242,286
Other receivables (including related parties)	4,278	2,844
Refundable deposits	2,524	2,381
Time deposits (over three-month period) (Shown as "Other current assets")	171,325	98,924
	$ 1,091,890	$ 693,066
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 20,000	$ 20,000
Accounts payable (including related parties)	39,363	39,607
Other payables (including related parties)	114,913	105,905
Long-term borrowings (including current portion)	170,291	329,374
	$ 344,567	$ 494,886
Lease liabilities (including current and non-current portion)	$ 5,865	$ 15,184

B. Financial risk management policies

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

(b) Risk management is carried out by the Group's finance team under policies approved by the Board of Directors. The Group's finance team identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and NTD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

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

	December 31, 2024		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
NTD:USD	$ 48,187	0.031	$ 48,187
RMB:USD	802	0.137	3,601
Non-monetary items			
RMB:USD	168,256	0.137	755,769

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
NTD:USD	$ 83,774	0.033	$ 83,774
RMB:NTD	33,798	0.141	146,189
Non-monetary items			
NTD:USD	450,012	0.033	450,012
RMB:USD	271,790	0.141	1,175,588

iii. The total exchange loss, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2024 and 2023, amounted to $3,599 and $3,483, respectively.

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

	Year ended December 31, 2024		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
NTD:USD	1%	$ 482	$ -
RMB:USD	1%	36	-
Non-monetary items			
RMB:USD	1%	-	7,558

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
NTD:USD	1%	$ 838	$ -
RMB:USD	1%	1,462	-
Non-monetary items			
NTD:USD	1%	-	4,500
RMB:USD	1%	-	11,756

(b) Credit risk

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

ii. The Group manages their credit risk taking into consideration the entire group’s concern. For banks and financial institutions, only independently rated parties with a minimum rating of “BBB+” are accepted. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

iii.The Group does not hold any collateral as security for accounts receivable. As of December 31, 2024 and 2023, with no collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the Group's accounts receivable was $352,958 and $264,329, respectively.

iv.The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

v.The Group adopts the assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payment were past due over 30 days, based on the terms, there would be a significant increase in credit risk on that instrument since initial recognition.

vi.The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

a. It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
b. The disappearance of an active market for that financial asset because of financial difficulties.

vii.The Group wrote off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii.Estimation of expected credit loss for accounts receivable:

a. The Group classifies customers' accounts receivable in accordance with credit risk on trade. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss.
b. The Group used the forecastability of external research report to adjust historical and timely information for a specific period to assess the default possibility of accounts receivable. As of December 31, 2024 and 2023, the loss rate methodology is as follows:

Accounts receivable	Not past due	Less than 90 days past due	Less than 180 days and more than 90 days past due	More than 180 days past due	Total
At December 31, 2024					
Expected loss rate	0.23%	3.82%	7.45%	100%	
Total book value	$ 314,346	$ 21,409	$ -	$ 17,203	$ 352,958
Loss allowance	$ -	$ -	$ -	$ 17,203	$ 17,203

Accounts receivable	Not past due	Less than 90 days past due	Less than 180 days and more than 90 days past due	More than 180 days past due	Total
At December 31, 2023					
Expected loss rate	0%-1%	1%-15%	16%-31%	31%-100%	
Total book value	$214,214	$ 28,072	$ -	$ 22,043	$ 264,329
Loss allowance	$ -	$ -	$ -	$ 22,043	$ 22,043

c. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable was as follows:

	2024	2023
	Accounts receivable	Accounts receivable
At January 1	$ 22,043	$ 29,119
(Reversal of) provision for impairment loss	(6,201)	(7,177)
Effect of foreign exchange	1,361	101
At December 31	$ 17,203	$ 22,043

viiii.The Group used the forecastability of external research report to adjust historical and timely information for a specific period to assess the default possibility of other receivables (including related parties). As of December 31, 2024 and 2023, the loss rate methodology is as follows:

	December 31, 2024	December 31, 2023
	Not past due	Not past due
Expected loss rate	0% -100%	0% -100%
Total book value	$ 4,278	$ 2,844
Loss allowance	$ -	$ -

(c) Liquidity risk

i. Cash flow forecasting is performed by the operating entities of the Group and aggregated by the Group’s finance team. The Group’s finance team monitors rolling forecasts of the Group’s liquidity requirements to ensure the Group has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group’s debt financing plans, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements.

ii.Surplus cash held by the operating entities over and above balance required for working capital management are managed for investment appropriately. The instruments chosen would be with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

	December 31, 2024	December 31, 2023
Floating rate:		
Expiring within one year	$ 6,000	$ 6,000

Note: The facilities expiring within one year are annual facilities subject to renegotiation before various due dates.

iv.The table below analyzes the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Over 1 year
Non-derivative financial liabilities:		
December 31, 2024		
Short-term borrowings	$ 20,129	$ -
Accounts payable (including related parties)	39,363	-
Other payables (including related parties)	114,913	-
Lease liabilities	6,842	-
Long-term borrowings (including current portion)	17,500	217,477

	Less than 1 year	Over 1 year
Non-derivative financial liabilities:		
December 31, 2023		
Short-term borrowings	$ 20,120	$ -
Accounts payable (including related parties)	39,607	-
Other payables (including related parties)	105,905	-
Lease liabilities	10,043	6,408
Long-term borrowings (including current portion)	402,988	-

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts measured at amortized cost approximate the fair values of the Group's financial instruments, including cash and cash equivalents, accounts receivable, other receivables, refundable deposits, time deposits (over three-month period), short-term borrowings, contract liabilities, accounts payable, other payables, lease liabilities, and long-term borrowings (including current portion).

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

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 1,492	$ 1,492

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 1,397	$ 1,397

D. The following chart is the movement of Level 3 for the years ended December 31, 2024 and 2023:

	2024	2023
	Equity instrument	Equity instrument
At January 1	$ 1,397	$ 1,397
Effect of exchange rate changes	95	-
At December 31	$ 1,492	$ 1,397

E. For the years ended December 31, 2024 and 2023, there was no transfer into or out from Level 3.

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

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

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted Company Shares	$ 1,492	Market comparable companies	Discount for lack of marketability	0.6	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted Company Shares	$ 1,397	Market comparable companies	Discount for lack of marketability	1.53	The higher the discount for lack of marketability, the lower the fair value

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

(a) Loans to others: Please refer to table 1.

(b) Provision of endorsements and guarantees to others: Please refer to table 2.

(c) Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

(d) Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Please refer to table 4.

(e) Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

(f) Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

(g) Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

(h) Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

(i) Derivative financial instruments: None.

(j) Significant inter-company transactions: Please refer to table 9.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in mainland China): Please refer to table 10.

(3) Information on investments in mainland China

(a) Information on investments in mainland China: Please refer to table 11.

(b)Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Note 9.

(4) Major shareholders information

Major shareholders information: Please refer to table 12.

14. SEGMENT INFORMATION

(1) General information

The Company operates business only in a single industry. The Chief Operating Decision-Maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Company has only one reportable operating segment.

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Years ended December 31,	
	2024	2023
Revenue from external customers	$ 1,750,044	$ 1,350,604
Inter-segment revenue	-	-
Total segment revenue	$ 1,750,044	$ 1,350,604
Segment loss (Note)	($ 235,347)	($ 806,325)

Note: Exclusive of income tax.

	December 31, 2024	December 31, 2023
Segment assets	$ 3,311,024	$ 3,429,271
Segment liabilities	$ 484,329	$ 605,728

(3) Reconciliation for segment income (loss)

The Company and its subsidiaries engage in a single industry. The Chief Operating Decision-Maker assesses performance and allocates resources of the whole group. The Company is regarded as a single operating segment. Therefore, there is no inter-segment revenue. The revenue from external parties reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. The amount provided to the Chief Operating Decision-Maker with respect to total assets is measured in a manner consistent with that in the balance sheet.

(4) Information on products and services

Please refer to Note 6 (21) for the related information.

(5) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Revenue	Non-current assets	Revenue	Non-current assets
China	$ 1,111,244	$ 755,769	$ 554,022	$ 1,175,588
US	473,750	1,114,969	545,071	763,833
Taiwan	41,358	-	34,791	450,012
Others	123,692	-	216,720	-
	$ 1,750,044	$ 1,870,738	$ 1,350,604	$ 2,389,433

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Revenue	Segment	Revenue	Segment
H	$ 1,012,965	The Group	$ 482,150	The Group
J	Note	The Group	221,079	The Group

Note: The revenue for the year ended December 31, 2024 did not reach 10% of the Group's revenue.

GCS HOLDINGS, INC. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2024

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2024 (Note 3)	Balance at December 31, 2024	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
1	Global Communication Semiconductors, LLC	D-Tech Optoelectronics, Inc.	Other receivable - related parties	Yes	$ 65,680	$ 65,580	$ -	Settled by contract	2	$ -	Operation	$ -	None	$ -	$ 545,314	$ 545,314	Note 4
0	GCS Holdings, Inc.	Global Communication Semiconductors, LLC	Other receivable - related parties	Yes	164,200	-	-	Settled by contract	2	-	Operation	-	None	-	1,208,558	1,208,558	Note 5
0	GCS Holdings, Inc.	Global Communication Semiconductors, LLC	Other receivable - related parties	Yes	491,850	491,850	459,060	5.5%	2	-	Operation	-	None	-	1,208,558	1,208,558	Note 6

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1)The Company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: In the ‘Nature of loan’ column:
(1)The business transaction is‘1’.
(2)The short-term financing is‘2’.

Note 3: According to the Company's "Procedures for Lending Funds to Other Parties", the total amount available for lending purpose shall not exceed forty percent (40%) of the net worth of the Company. The total amount for lending to a company having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of twelve (12) months prior to the time of lending (For the purpose of this Procedure, the "transaction amount" shall mean the sales or purchasing amount between the parties, whichever is higher), and shall not exceed ten percent (10%) of the net worth of the Company. The total amount for lending to a company for funding for a short-term period shall not exceed ten percent (10%) of the net worth of the Company. In addition, the total amount lendable to any one borrower shall be no more than thirty percent (30%) of the borrower's net worth, provided that this restriction will not apply to subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company. The total amount for fund-lending between the subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company will not be subject to the limit of forty percent (40%) of the net worth of the lending subsidiary.The total amount of lending provided by the Company to any individual entities are limited to forty percent (40%) of the Company's net worth and the term of each loan shall not exceed one year.

Note 4: On November 5, 2024, the Company's Board of Directors resolved to approve Global Communication Semiconductors, LLC to lend to its subsidiary D-Tech Optoelectronics Inc. with the limitation amounting to USD2,000,000, and the actual drawdown was USD0.

Note 5: On May 2, 2023, the Company's Board of Directors resolved to approve GCS Holdings, Inc. to lend to its subsidiary Global Communication Semiconductors, LLC with the limitation amounting to USD5,000,000, and the actual drawdown was USD0.

Note 6: On August 6, 2024, the Company's Board of Directors resolved to approve GCS Holdings, Inc. to lend to its subsidiary Global Communication Semiconductors, LLC with the limitation amounting to USD15,000,000, and the actual drawdown was USD14,000,000.

GCS HOLDINGS, INC. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3,4)	Maximum outstanding endorsement/ guarantee amount for the year ended December 31, 2024	Outstanding endorsement/ guarantee amount at December 31, 2024	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3,4)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in mainland China	Footnote
0	GCS Holdings, Inc.	GCS Device Technologies, Co., Ltd.	2	$ 1,208,558	$ 32,840	$ -	$ -	$ -	0.00%	$ 1,208,558	Y	N	N	
0	GCS Holdings, Inc.	Global Communication Semiconductors, LLC	2	1,208,558	65,680	-	-	-	0.00%	1,208,558	Y	N	N	
0	GCS Holdings, Inc.	GCS Device Technologies, Co., Ltd.	2	1,208,558	32,790	32,790	20,000	32,790	1.09%	1,208,558	Y	N	N	
1	GCS Device Technologies, Co., Ltd.	GCS Holdings, Inc.	3	38,839	32,840	-	-	-	0.00%	38,839	N	Y	N	Note 4

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1)Having with which it does business.

(2)The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed company.

(4)The endorsed/guaranteed parent company owns directly or indirectly more than jointly 90% voting shares of the endorser/guarantor company.

(5)Mutual guarantee of the trade or co-contractor as required by the construction contract.

(6)Due to joint venture, mutual shareholder provides endorsements/guarantees to the endorsed/guaranteed company in ratio to its ownership.

(7)Companies in the same industry provide among themselves joint and several security for a performance guarantee of sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: According to the Company's "Procedures for Endorsement and Guarantee", the total amount of endorsement/guarantee provided by the Company is limited to 40% of the Company's net worth, and the total amount of the guarantee provided by the Company to any individual entity is limited to 10% of the Company's net worth. The total amount of the guarantee provided by the Company to any subsidiary whose voting shares are 100% owned, directly or indirectly, by the Company shall not exceed 40% of the Company's net worth.

The aggregate total amount of endorsement/guarantee provided by the Company and its subsidiaries shall not exceed 50% of the Company's net worth.

Note4: According to the GCS Device Technologies, Co., Ltd.'s "Procedures for Endorsement and Guarantee". The total amount of endorsement/guarantee provided by the Company is limited to 40% of its net worth.

For any one endorsee/guarantee company, the limit shall not exceed 10% of the Company's net worth, nor the net worth of the endorsee/guarantee company, whichever is lower.

The aforementioned limit for any one endorsee/guarantee company and the limit of total net worth of the endorsee/guarantee company shall not exceed 120% of the Company's net worth for endorsement/guarantee provided to the subsidiarieswhose voting shares are 100% directly or indirectly owned by the Company or the holding companies who directly or indirectly owns 100% voting shares of the Company; or endorsement/guarantee provided between the subsidiaries whose voting shares are 100% directly or indirectly owned by the Company.

The aggregate total amount of endorsement/guarantee provided by the Company and its subsidiaries shall not exceed 120% of the Company's net worth.

And the aggregate limitation amount for any one endorsement/guarantee provided by the Company and its subsidiaries shall be calculated by the limitation of each company.

GCS HOLDINGS, INC.

Holding of marketable securities at the end of the year

December 31, 2024

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities （Note 1）	Relationship with the securities issuer （Note 2）	General ledger account	As of December 31, 2024 Number of shares	Book value （Note 3）	Ownership (%)	Fair value	Footnote （Note 4）
Global Communication Semiconductors, LLC	ElectroPhotonic-IC Inc.	None.	Financial assets at fair value through other comprehensive income	41,617	$ 1,492	0.33%	$ 1,492	None

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instrument'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value;
fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

GCS HOLDINGS, INC. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2024

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

					Balance as at January 1, 2024		Addition		Disposal				Balance as at December 31, 2024	
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price (Note 1)	Book value	Gain (loss) on disposal（Note 2）	Number of shares	Amount
GCS Holdings, Inc.	Unikorn Semiconductor Corporation	Investment accounted for using equity method	Epistar Corporation	Related party	131,400,000	$ 450,012	-	$ -	131,400,000	$ 450,000	$ 195,025	$ 219,607	-	$ -

Note 1: The selling price includes a securities transaction tax of 3%.

Note 2: Gain (loss) on disposal included the disposal of capital surplus related to investments and share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method - financial statements translation differences of foreign operations.

GCS HOLDINGS, INC. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the year ended December 31, 2024

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	D-Tech Optoelectronics, Inc.	Global Communication Semiconductors, LLC	3	Accounts receivable - related party	$ 3,077	Note 5	0.09%
1	D-Tech Optoelectronics, Inc.	Global Communication Semiconductors, LLC	3	Service revenue	17,991	Note 5	1.03%
2	GCS Device Technologies, Co., Ltd.	GCS Holdings, Inc.	2	Service revenue	7,777	Note 5	0.44%
2	GCS Device Technologies, Co., Ltd.	GCS Holdings, Inc.	2	Accounts receivable - related party	2,066	Note 5	0.06%
3	Global Communication Semiconductors, LLC	GCS Holdings, Inc.	2	Other payable-related party	469,105	Note 6	13.38%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction;

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Disclosure over 1 million transaction details in this table.

Note 5: It was transacted based on the agreed transaction price and terms, and the credit terms is 30 days after monthly billings.

Note 6: Loans to others.

GCS HOLDINGS, INC. AND SUBSIDIARIES

Information on investees (not including investees in mainland China)

For the year ended December 31, 2024

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Note 1、2)	Location	Main business activities	Initial investment amount: Balance as of December 31, 2024	Initial investment amount: Balance as of December 31, 2023	Shares held as of December 31, 2024: Number of shares	Shares held as of December 31, 2024: Ownership (%)	Shares held as of December 31, 2024: Book value	Net profit (loss) of the investee for the year ended December 31, 2024 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2024 (Note 2(3))	Footnote
GCS Holdings, Inc.	Global Communication Semiconductors, LLC	Los Angeles, USA	1. Manufacturing of compound semiconductor wafers and foundry related services as well as granting royalty rights for intellectual property 2. Manufacturing and selling of advanced optoelectronics technology products	$ 600,250	$ 403,975	-	100%	$ 1,363,284	$ 331,127	$ 331,127	Subsidiary
GCS Holdings, Inc.	GCS Device Technologies, Co., Ltd.	Taiwan	Product design and research development services	12,000	12,000	1,200,000	100%	32,366	2,619	2,619	Subsidiary
GCS Holdings, Inc.	Unikorn Semiconductor Corporation	Taiwan	Specialized OEM of III-V compound semiconductors	-	1,664,000	-	-	-	(691,036)	(267,809)	Note 4
Global Communication Semiconductors, LLC	D-Tech Optoelectronics, Inc.	Los Angeles, USA	Developing, manufacturing and selling of photodiodes and avalanche photodiodes for telecommunication systems and data communication networks	393,380	393,380	360,000	100%	26,478	2,187	2,187	Subsidiary
D-Tech Optoelectronics, Inc.	D-Tech Optoelectronics (Taiwan) Corporation	Taiwan	Manufacturing, retailing and wholesaling of telecommunications devices, and manufacturing and wholesaling of electronic components	49,840	49,840	1,800,000	100%	1,467	(1,875)	(1,875)	Subsidiary、Note 3

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2024' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2024' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognized by the Company for the year ended December 31, 2024' column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

Note 3: On October 20, 2023, the Board of Directors of the subsidiary, D-Tech Optoelectronics (Taiwan) Corporation, resolved to reduce capital and cash of $40,000 thousand of cash to its shareholders. The paid-in capital after the capital reduction was 1,800,000 shares. On November 1, 2022, the Company's Board of Directors resolved to dissolve and liquidate the subsidiary, D-Tech Optoelectronics (Taiwan) Corporation. The Company obtained the dissolution registration letter approved by the local competent authority on December 22, 2023,and obtained the liquidation completion letter issued by the court on November 21, 2024. The liquidation process has not yet been completed.

Note 4: The Group disposed entire equity interests of Unikorn in August 2024.

GCS HOLDINGS, INC.AND SUBSIDIARIES

Information on investments in mainland China

For the year ended December 31, 2024

Table 11

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to mainland China as of December 31, 2024	Amount remitted from Taiwan to mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2024: Remitted to mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to mainland China as of December 31, 2024	Net income of investee for the year ended December 31, 2024	Ownership held by the Company (direct or indirect)	Investment loss recognized by the Company for the year ended December 31, 2024 (Note 5)	Book value of investments in mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
Changzhou Chemsemi Co., Ltd.	Manufacturing and selling of semiconductor discrete devices, integrated circuit chips and related products; Designing and services of integrated circuit chips; Manufacturing and selling of optoelectronic device.	$ 2,677,717	2	-	-	-	-	($ 2,523,618)	20.69%	($ 529,162) Note2(2)B	$ 584,474	-	Note 2(2)B、Note 4
Shanghai Galasemi Co., Ltd.	Technical services and development services in the field of optoelectronic technology , and selling of semiconductor discrete devices	294,516	2	-	-	-	-	60,935	48.00%	29,535 Note2(2)B、5	171,295	-	Note 2(2)B、Note 4

Company name	Accumulated amount of remittance from Taiwan to mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in mainland China imposed by the Investment Commission of MOEA
Changzhou Chemsemi Co., Ltd.	$ -	$ -	$ -
Shanghai Galasemi Co., Ltd.	-	-	-

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in mainland China.

(2) Through investing in an existing company in the third area (GCS Holdings, Inc.), which then invested in the investee in mainland China.

(3) Others

Note 2: In the ‘Investment income (loss) recognized by the Company for December 31, 2024’ column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements that are audited and attested by R.O.C. parent company’s CPA.

C.The financial statements prepared by the investee.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: The Company was incorporated in Cayman Islands and continously transferred the investments from the Company's U.S. bank account to Changzhou Chemsemi Co., Ltd. and Shanghai Galasemi Co., Ltd.

Note 5: The investment loss recognized by the Company for the year ended December 31, 2024 inculded the adjustment of unrealized gain and losses.

GCS HOLDINGS, INC. AND SUBSIDIARIES

Major shareholders information

December 31, 2024

Table 12

Name of major shareholders	Shares	
	Number of shares	Ownership (%)
ENNOSTAR INC.	9,028,000	8.03%
Harvestar Investment Corp.	9,013,000	8.02%
Calystar Investment Corp.	6,500,000	5.78%

Note: (1)The main shareholder information using total number of ordinary shares and preferred shares held by the shareholders who have completed the company’s non-physical registration and delivery (including treasury shares) is more than 5% on the last business day at the end of each quarter. As for the share capital recorded in the company’s financial report and the number of shares which the company actually have completed the non-physical registration and delivery, may be different from computational basis.

(2)Above information if belong to shareholders deliver the shares to the trust, will be disclosed by the principal individual account of trustee opened the trust account. As for shareholders who handle the declaration of insider equity holding more than 10% of their shares in accordance with the Securities and Exchange Act, their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, etc. Please refer to the information at the website of the Taiwan Stock Exchange for insider equity declaration information.

(3)The preparation principle of this table is to calculate the distribution of the balance of each credit transaction based on the shareholders registered on the book-close day of the extraordinary shareholders' meeting (short-sale securities are not purchased back).

(4)Ownership (%) = The total number of shares held by this shareholder / The total number of shares that have been delivered without physical registration.

(5)The total number of shares that have been delivered without physical registration (including treasury stocks) are 112,338,362= 112,338,362 (common shares) + 0 (preferred shares).