

FineTek Co., Ltd.

**Parent Company Only Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
FineTek Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of FineTek Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy (collectively referred to as the parent company only "financial statements").

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter of the Company's financial statements for the year ended December 31, 2024 is described as follows:

The Validity of Occurrence of Revenue Recognition

The operating revenue of the Company for the year ended December 31, 2024 was \$893,982 thousand. Among this, sales to key customers with individually significant revenue contributions had a material impact on the financial statements. In order to meet the expectations of shareholders and external investors, the Company's management may be under pressure to achieve profit target. Accordingly, we assessed that the primary audit risk related to revenue recognition was whether the sales transactions with these key customers had actually occurred. We therefore identified this matter as a key audit matter. Please refer to Note 4(1) in the parent company only financial statements for the accounting policies related to revenue recognition and Note 23 for the disclosures of the operating revenues.

The audit procedures that we performed with respect to the sales revenue from the aforementioned customers are as follows:

1. We obtained an understanding of the internal controls related to the sales revenue from the aforementioned customers for the year ended December 31, 2024, evaluated the design of the key controls and tested the operating effectiveness of the controls.
2. We obtained the list of the aforementioned customers for the year ended December 31, 2024 and assessed that their backgrounds, transaction amounts and credit limits granted were reasonable and consistent with their scale.
3. We selected samples of sales transactions from the aforementioned customers for the year ended December 31, 2024, verified them against external shipping documents, and tested the identity of the collection counterparties, the status of receivables collected, and whether the transaction terms exhibited any material anomalies, to confirm the authenticity and occurrence of the sales revenue.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the 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 parent company only financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chung Chen Chen and Sheng Tai Liang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 28, 2025

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

FINETEK CO., LTD.**PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)**

	2024		2023	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 636,513	24	\$ 196,177	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	102,511	4	88,791	4
Financial assets at amortized cost - current (Notes 4, 8, 9 and 32)	13,088	-	30,300	1
Notes receivable (Notes 4, 10 and 23)	13,793	1	16,428	1
Trade receivables (Notes 4, 10 and 23)	79,840	3	61,575	3
Trade receivables from related parties (Notes 4, 23 and 31)	55,775	2	52,714	3
Other receivables (Notes 4 and 10)	1,361	-	2,864	-
Other receivables from related parties (Notes 4 and 31)	101,920	4	145,148	7
Inventories (Notes 4 and 11)	150,287	6	132,679	6
Other current assets (Note 16)	<u>1,133</u>	<u>-</u>	<u>2,684</u>	<u>-</u>
Total current assets	<u>1,156,221</u>	<u>44</u>	<u>729,360</u>	<u>34</u>
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 8 and 9)	9,784	-	21,255	1
Investments accounted for using the equity method (Notes 4 and 12)	800,452	30	718,875	33
Property, plant and equipment (Notes 4, 13 and 32)	630,089	24	643,014	30
Right-of-use assets (Notes 4 and 14)	4,844	-	3,821	-
Intangible assets (Notes 4 and 15)	9,105	-	12,004	-
Deferred tax assets (Notes 4 and 25)	20,150	1	26,556	1
Long-term notes receivable (Notes 4, 10 and 23)	1,241	-	-	-
Other non-current assets	<u>15,522</u>	<u>1</u>	<u>12,327</u>	<u>1</u>
Total non-current assets	<u>1,491,187</u>	<u>56</u>	<u>1,437,852</u>	<u>66</u>
TOTAL	<u>\$ 2,647,408</u>	<u>100</u>	<u>\$ 2,167,212</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4 and 23)	\$ 9,685	-	\$ 7,788	-
Notes payable (Note 18)	3,785	-	3,903	-
Trade payables (Note 18)	50,223	2	59,406	3
Trade payables to related parties (Note 31)	7,651	-	3,725	-
Other payables (Note 20)	72,029	3	69,991	3
Other payables to related parties (Note 31)	-	-	256	-
Current tax liabilities (Notes 4 and 25)	17,056	1	18,935	1
Lease liabilities - current (Notes 4 and 14)	1,415	-	805	-
Long-term borrowings due within one year (Notes 4, 17 and 32)	-	-	15,385	1
Other current liabilities	<u>276</u>	<u>-</u>	<u>242</u>	<u>-</u>
Total current liabilities	<u>162,120</u>	<u>6</u>	<u>180,436</u>	<u>8</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 17 and 32)	-	-	161,538	8
Bonds payable (Notes 4 and 19)	466,790	18	-	-
Deferred tax liabilities (Notes 4 and 25)	51,405	2	46,416	2
Lease liabilities - non-current (Notes 4 and 14)	3,464	-	3,020	-
Other non-current liabilities (Notes 23 and 31)	<u>18</u>	<u>-</u>	<u>10</u>	<u>-</u>
Total non-current liabilities	<u>521,677</u>	<u>20</u>	<u>210,984</u>	<u>10</u>
Total liabilities	<u>683,797</u>	<u>26</u>	<u>391,420</u>	<u>18</u>
EQUITY (Notes 4 and 22)				
Share capital				
Ordinary shares	558,848	21	547,890	25
Capital surplus	445,121	17	326,906	15
Retained earnings				
Legal reserve	332,319	12	305,529	14
Special reserve	55,477	2	52,271	2
Unappropriated earnings	602,948	23	598,673	28
Other equity				
Exchange differences on translation of foreign operations	<u>(31,102)</u>	<u>(1)</u>	<u>(55,477)</u>	<u>(2)</u>
Total equity	<u>1,963,611</u>	<u>74</u>	<u>1,775,792</u>	<u>82</u>
TOTAL	<u>\$ 2,647,408</u>	<u>100</u>	<u>\$ 2,167,212</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

FINETEK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 31)	\$ 893,982	100	\$ 930,576	100
OPERATING COSTS (Notes 11, 15, 24, 27 and 31)	<u>479,956</u>	<u>54</u>	<u>510,204</u>	<u>55</u>
GROSS PROFIT	414,026	46	420,372	45
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	(22,922)	(3)	(24,335)	(3)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	<u>24,335</u>	<u>3</u>	<u>41,962</u>	<u>5</u>
REALIZED GROSS PROFIT	<u>415,439</u>	<u>46</u>	<u>437,999</u>	<u>47</u>
OPERATING EXPENSES (Notes 15, 23, 27 and 31)				
Selling and marketing expenses	84,590	9	83,204	9
General and administrative expenses	60,583	7	60,949	6
Research and development expenses	53,524	6	47,858	5
Expected credit (reversed gain) loss (Notes 9 and 10)	<u>(11)</u>	<u>-</u>	<u>92</u>	<u>-</u>
Total operating expenses	<u>198,686</u>	<u>22</u>	<u>192,103</u>	<u>20</u>
PROFIT FROM OPERATIONS	<u>216,753</u>	<u>24</u>	<u>245,896</u>	<u>27</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 24 and 31)				
Interest income	4,327	1	3,339	-
Other income	6,292	1	3,502	-
Other gains and losses	38,823	4	23,036	3
Finance costs	(4,782)	(1)	(3,427)	-
Share of profit or loss of subsidiaries	<u>57,171</u>	<u>6</u>	<u>57,726</u>	<u>6</u>
Total non-operating income and expenses	<u>101,831</u>	<u>11</u>	<u>84,176</u>	<u>9</u>
PROFIT BEFORE TAX	318,584	35	330,072	36
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(54,839)</u>	<u>(6)</u>	<u>(62,234)</u>	<u>(7)</u>
NET PROFIT FOR THE YEAR	<u>263,745</u>	<u>29</u>	<u>267,838</u>	<u>29</u>

(Continued)

FINETEK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4, 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan	\$ 800	-	\$ 82	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(160)</u>	<u>-</u>	<u>(16)</u>	<u>-</u>
	<u>640</u>	<u>-</u>	<u>66</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	30,468	4	(4,008)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(6,093)</u>	<u>(1)</u>	<u>802</u>	<u>-</u>
	<u>24,375</u>	<u>3</u>	<u>(3,206)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>25,015</u>	<u>3</u>	<u>(3,140)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 288,760</u>	<u>32</u>	<u>\$ 264,698</u>	<u>28</u>
EARNINGS PER SHARE (Note 26)				
From continuing operations				
Basic	<u>\$ 4.72</u>		<u>\$ 4.79</u>	
Diluted	<u>\$ 4.67</u>		<u>\$ 4.78</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

FINETEK CO., LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	<u>Share Capital</u> <u>Ordinary</u> <u>Shares</u>	<u>Capital Surplus</u>	<u>Retained Earnings</u>			<u>Other Equity</u> <u>Exchange</u> <u>Differences on</u> <u>Translation of</u> <u>Foreign</u> <u>Financial</u> <u>Statements of</u> <u>Foreign</u> <u>Operations</u>	<u>Treasury</u> <u>Shares</u>	<u>Total Equity</u>
			<u>Legal Reserve</u>	<u>Special Reserve</u>	<u>Unappropriated</u> <u>Earnings</u>			
BALANCE AT JANUARY 1, 2023	\$ 493,595	\$ 328,267	\$ 274,173	\$ 77,239	\$ 588,890	\$ (52,271)	\$ (7,393)	\$ 1,702,500
Appropriation of 2022 earnings (Note 22)								
Legal reserve	-	-	31,356	-	(31,356)	-	-	-
Special reserve	-	-	-	(24,968)	24,968	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(197,438)	-	-	(197,438)
Share dividends distributed by the Company	54,295	-	-	-	(54,295)	-	-	-
Net profit for the year ended December 31, 2023	-	-	-	-	267,838	-	-	267,838
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66</u>	<u>(3,206)</u>	<u>-</u>	<u>(3,140)</u>
Total comprehensive income (loss) for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,904</u>	<u>(3,206)</u>	<u>-</u>	<u>264,698</u>
Treasury shares transferred to employees (Notes 22 and 27)	<u>-</u>	<u>(1,361)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,393</u>	<u>6,032</u>
BALANCE AT DECEMBER 31, 2023	547,890	326,906	305,529	52,271	598,673	(55,477)	-	1,775,792
Appropriation of 2023 earnings (Note 22)								
Legal reserve	-	-	26,790	-	(26,790)	-	-	-
Special reserve	-	-	-	3,206	(3,206)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(219,156)	-	-	(219,156)
Share dividends distributed by the Company	10,958	-	-	-	(10,958)	-	-	-
Other changes in capital surplus								
Equity component of convertible bonds issued by the Company (Notes 19 and 22)	-	118,215	-	-	-	-	-	118,215
Net profit for the year ended December 31, 2024	-	-	-	-	263,745	-	-	263,745
Other comprehensive income for the year ended December 31, 2024, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>640</u>	<u>24,375</u>	<u>-</u>	<u>25,015</u>
Total comprehensive income for the year ended December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,385</u>	<u>24,375</u>	<u>-</u>	<u>288,760</u>
BALANCE AT DECEMBER 31, 2024	<u>\$ 558,848</u>	<u>\$ 445,121</u>	<u>\$ 332,319</u>	<u>\$ 55,477</u>	<u>\$ 602,948</u>	<u>\$ (31,102)</u>	<u>\$ -</u>	<u>\$ 1,963,611</u>

The accompanying notes are an integral part of the parent company only financial statements.

FINETEK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 318,584	\$ 330,072
Adjustments for:		
Depreciation expense	27,068	25,019
Amortization expense	6,196	6,051
Expected credit (gain) loss	(167)	257
Net gain on fair value changes of financial asset designated as at fair value through profit or loss	(14,385)	(14,583)
Finance costs	4,782	3,427
Interest income	(4,327)	(3,339)
Dividend income	(3,801)	(2,053)
Share of profit of subsidiaries	(57,171)	(57,726)
Gain on disposal of property, plant and equipment	(40)	(188)
Inventory write-downs	1,749	2,317
Unrealized gain on transactions with subsidiaries	22,922	24,335
Realized gain on transactions with subsidiaries	(24,335)	(41,962)
Net (gain) loss on foreign currency exchange	(14,993)	2,739
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	1,955	15,178
Notes receivable	1,394	6,382
Trade receivables	(11,213)	2,681
Trade receivables from related parties	(3,061)	25,873
Other receivables	1,629	(44)
Other receivables from related parties	43,228	(60,087)
Inventories	(19,357)	(2,603)
Other current assets	1,551	9,137
Net defined benefit assets	(38)	(292)
Contract liabilities	1,905	(11,927)
Notes payable	(118)	(598)
Trade payables	(9,873)	(4,278)
Trade payables to related parties	3,926	(2,664)
Other payables	3,033	(3,174)
Other payables to related parties	(256)	129
Other current liabilities	34	(49)
Cash generated from operations	276,821	248,030
Interest received	4,201	3,552
Dividends received	3,801	2,053
Interest paid	(3,299)	(3,425)
Income tax paid	(50,506)	(83,005)
Net cash generated from operating activities	231,018	167,205

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FINETEK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at amortized cost	\$ 30,804	\$ 40,958
Acquisition of additional interests in subsidiaries	(10,000)	(50,000)
Payments for property, plant and equipment	(12,628)	(31,863)
Proceeds from disposal of property, plant and equipment	40	423
Increase in refundable deposits	(1,451)	-
Decrease in refundable deposits	-	9,878
Increase in other receivables from related parties	-	(61)
Payments for intangible assets	(3,297)	(3,514)
Increase in prepayments for equipment	(2,240)	(4,744)
Dividends received from subsidiaries (Note 12)	<u>17,475</u>	<u>69,599</u>
Net cash generated from investing activities	<u>18,703</u>	<u>30,676</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of convertible bonds	586,335	-
Payments for transaction costs attributable to the issuance of bonds	(5,350)	-
Repayment of long-term borrowings	(176,923)	(36,164)
Increase in refundable deposits	-	10
Repayment of the principal portion of lease liabilities	(968)	(175)
Dividends paid to owners of the Company	(219,156)	(197,438)
Treasury shares transferred to employees (Note 22)	<u>-</u>	<u>6,032</u>
Net cash generated from (used in) financing activities	<u>183,938</u>	<u>(227,735)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>6,677</u>	<u>2,926</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	440,336	(26,928)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>196,177</u>	<u>223,105</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 636,513</u>	<u>\$ 196,177</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

FINETEK CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

FineTek Co., Ltd. (the “Company”) was incorporated in the Republic of China (ROC) on January 30, 2003. The Company mainly designs, manufactures and sells transmitters, point switches and electronic terminals.

The Company’s shares have been listed on the mainboard of the Taipei Exchange (“TPEX”) since November 2014.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 10, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

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

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

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

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

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

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

1) IFRS 18 "Presentation and Disclosure in Financial Statements"

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.
- 2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that, when settling a financial liability in cash using an electronic payment system, the Company can choose to derecognize the financial liability before the settlement date if, and only if, the Company has initiated a payment instruction that resulted in:

- The Company having no practical ability to withdraw, stop or cancel the payment instruction;
- The Company having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

The Company shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures, and related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current. If convertible corporate bonds are issued, the conversion rights will be classified as equity, terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if the entity classifies the option as an equity instrument.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. (i.e., not retranslated)

For the purpose of presenting these financial statements, the functional currency of the Company and the Group entities (including subsidiaries in other countries or those that use currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, finished goods, work in progress and merchandise are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of the equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of an investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investments for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating units to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

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

j. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized, notes receivable, trade receivables, trade receivables from related parties, other receivables (excluding VAT refund receivables), other receivables from related parties, long-term note receivable and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- i) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable, trade receivables, other receivables, other financial assets - current, financial assets at amortized cost - non-current and refundable deposits).

The Company always recognizes lifetime expected credit losses (ECLs) for notes receivable and trade receivables, for all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 360 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

l. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of transmitters, point switches and electronic terminals. Sales of transmitters, point switches and electronic terminals are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from providing product repair services to customers.

As the Company provides product repair services, customers simultaneously receive and consume the benefits provided by the Company's satisfaction of performance obligations. Consequently, the related revenue is recognized when services are rendered.

m. Lease

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

The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

n. Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the period in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to a defined contribution retirement benefit plan are recognized as an expense when employees have rendered services entitling them to the contributions.

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

Net defined benefit assets represent the actual surplus in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plan or reductions in future contributions to the plan.

q. Share-based payment arrangements

Employee share options are recognized as expense on a straight-line basis over the vesting period based on the fair value and the expected best estimated quantity of the equity instruments at the grant date, with a simultaneous adjustment to capital surplus - employee share options. If it is immediately vested on the grant date, the full amount will be recognized as expenses. The grant date of treasury shares transferred to employees is the date on which the employees are informed.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Company considers the possible impact of inflation and interest rate fluctuations when making its critical accounting estimates on cash flows, growth rates, discount rates, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies, estimates and underlying assumptions used by the Company, as evaluated by management, are free of significant accounting judgments, estimates and assumption uncertainties.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	\$ 592	\$ 673
Checking accounts and demand deposits	217,921	168,504
Cash equivalents (investments with original maturities within 3 months or less)		
Time deposits	<u>418,000</u>	<u>27,000</u>
	<u>\$ 636,513</u>	<u>\$ 196,177</u>

The market rate ranges of bank deposits at the end of the reporting period were as follows:

	December 31	
	2024	2023
Bank demand deposits	0.002%-1.45%	0.001%-1.45%
Bank time deposits	0.129%-1.72%	1.1%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2024	2023
Financial assets at fair value through profit or loss (FVTPL) - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ 99,037	\$ 88,791
Derivative financial assets (not under hedge accounting)		
Options of convertible bonds (Note 19)	<u>3,474</u>	<u>-</u>
	<u>\$ 102,511</u>	<u>\$ 88,791</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2024	2023
<u>Current (Note)</u>		
Time deposits with original maturities of more than 3 months	\$ -	\$ 30,000
Pledged bank deposits (Note 32)	-	300
Corporate bonds - Deutsche Bank (a)	6,541	-
Corporate bonds - Société Générale (b)	<u>6,547</u>	<u>-</u>
	<u>\$ 13,088</u>	<u>\$ 30,300</u>

(Continued)

	December 31	
	2024	2023
<u>Non-current</u>		
Corporate bonds - Deutsche Bank (a)	\$ -	\$ 6,058
Corporate bonds - Société Générale (b)	-	6,096
Corporate bonds - AT&T (c)	<u>9,784</u>	<u>9,101</u>
	<u>\$ 9,784</u>	<u>\$ 21,255</u>
		(Concluded)

Note: The Company considers the past default experience of the debtor and an analysis of the debtor's current financial position to measure 12-month or lifetime expected credit losses on financial assets at amortized cost. As of December 31, 2024 and 2023, the Company has no need to recognize expected credit loss on financial assets at amortized cost.

a. The Company's investments in bonds issued by Deutsche Bank were as follows:

	December 31	
	2024	2023
Total carrying amount	<u>\$ 6,541</u>	<u>\$ 6,058</u>
Total par value (in thousands of U.S. dollars)	<u>\$ 200</u>	<u>\$ 200</u>
Coupon rate	4.50%	4.50%
Effective interest rate	4.47%	4.47%
Holding period	2015.10.21- 2025.4.1	2015.10.21- 2025.4.1

b. The Company's investments in bonds issued by Société Générale were as follows:

	December 31	
	2024	2023
Total carrying amount	<u>\$ 6,547</u>	<u>\$ 6,096</u>
Total par value (in thousands of U.S. dollars)	<u>\$ 200</u>	<u>\$ 200</u>
Coupon rate	4.25%	4.25%
Effective interest rate	4.27%	4.27%
Holding period	2015.10.21- 2025.4.14	2015.10.21- 2025.4.14

c. The Company's investments in bonds issued by AT&T were as follows:

	December 31	
	2024	2023
Total carrying amount	<u>\$ 9,784</u>	<u>\$ 9,101</u>
Total par value (in thousands of U.S. dollars)	<u>\$ 320</u>	<u>\$ 320</u>
		(Continued)

	December 31	
	2024	2023
Coupon rate	3.65%	3.65%
Effective interest rate	4.01%	4.01%
Holding period	2021.3.11- 2059.9.15	2021.3.11- 2059.9.15 (Concluded)

Refer to Note 9 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

9. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at amortized cost were as follows:

	December 31	
	2024	2023
At amortized cost		
Gross carrying amount	\$ 22,908	\$ 51,747
Less: Allowance for impairment loss	<u>(36)</u>	<u>(192)</u>
Amortized cost	<u>\$ 22,872</u>	<u>\$ 51,555</u>

The Company's policy is to only invest in debt instruments issued by entities with good credit standing. The Company continuously tracks the credit risk changes of its invested debt instruments, reviews significant information and other details about the debtor, and assesses whether the credit risk of the debt instrument investments has increased significantly since their initial recognition.

In order to minimize credit risk, the Company has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to the degree of risk of default. The credit rating information obtained from independent rating agencies where available. The Company's exposure and the external credit ratings are continuously monitored. The Company reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments for 12 months, the Company considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and the future prospects of the industries. The Company's current credit risk grading mechanism was as follows:

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECLs - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company have no realistic prospect of recovery	Amount is written off

The gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates were shown below:

December 31, 2024

Category	Expected Loss Rate	Gross Carrying Amount
		At Amortized Cost
Performing	0.00%-0.25%	\$ 22,908
Doubtful	-	-
In default	-	-
Write-off	-	-
		<u>\$ 22,908</u>

December 31, 2023

Category	Expected Loss Rate	Gross Carrying Amount
		At Amortized Cost
Performing	0.00%-1.37%	\$ 51,747
Doubtful	-	-
In default	-	-
Write-off	-	-
		<u>\$ 51,747</u>

The movements of the allowance for impairment loss of investments in debt instruments at amortized cost were as follows:

	Credit Rating		
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit Impaired)	In default (Lifetime ECLs - Credit Impaired)
Balance at January 1, 2024	\$ 192	\$ -	\$ -
Change in model or risk parameters	<u>(156)</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 36</u>	<u>\$ -</u>	<u>\$ -</u>
Balance at January 1, 2023	\$ 27	\$ -	\$ -
Change in model or risk parameters	<u>165</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 192</u>	<u>\$ -</u>	<u>\$ -</u>

The Company considered the credit rating information supplied by independent rating agencies, due to the changes in credit ratings and credit risk parameters, the Company recognized an expected credit (reversed gain) loss of \$(156) thousand and \$165 thousand in 2024 and 2023, respectively.

**10. NOTES RECEIVABLE, TRADE RECEIVABLES, OTHER RECEIVABLES, LONG-TERM
NOTES RECEIVABLES AND OVERDUE RECEIVABLES**

	December 31	
	2024	2023
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 13,546	\$ 16,428
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>13,546</u>	<u>16,428</u>
Current portion of long-term notes receivable	247	-
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>247</u>	<u>-</u>
	<u>\$ 13,793</u>	<u>\$ 16,428</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 79,862	\$ 61,582
Less: Allowance for impairment loss	<u>(22)</u>	<u>(7)</u>
	<u>\$ 79,840</u>	<u>\$ 61,575</u>
<u>Long-term notes receivable</u>		
At amortized cost		
Gross carrying amount	<u>\$ 1,241</u>	<u>\$ -</u>
<u>Other receivables</u>		
VAT refund receivables	\$ 928	\$ 2,557
Interest receivables	<u>433</u>	<u>307</u>
	<u>\$ 1,361</u>	<u>\$ 2,864</u>
<u>Overdue receivables</u>		
At amortized cost		
Gross carrying amount	\$ -	\$ 26
Less: Allowance for impairment loss	<u>-</u>	<u>(26)</u>
	<u>\$ -</u>	<u>\$ -</u>

a. Notes receivable

The Company's average cashing period of notes receivable was 0-180 days.

The Company measures the loss allowance for notes receivable at an amount equal to lifetime ECLs. The lifetime expected credit losses on notes receivable takes into consideration the past default experience of the debtor and general economic conditions of the industry. As of December 31, 2024 and 2023, the Company assessed that there is no need to recognize expected credit losses on notes receivable.

The aging of notes receivable was as follows:

	December 31	
	2024	2023
Up to 90 days	\$ 13,594	\$ 15,506
91 to 180 days	85	922
180 to 365 days	<u>114</u>	<u>-</u>
	<u>\$ 13,793</u>	<u>\$ 16,428</u>

The above aging schedule was based on the number of past due days from the invoice date.

b. Trade receivables

The average credit period of sales of goods was 0-150 days.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, as well as GDP predictions. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables (including related parties and overdue receivables) based on the Company's provision matrix.

December 31, 2024

	Not Past Due	Up to 90 Days	91 to 180 Days	181 to 270 Days	271 to 360 Days	Over 360 Days	Total
Expected credit loss rate	0%	0.001%	0.073%	0.648%	15.581%	100%	
Gross carrying amount	\$ 124,664	\$ 9,340	\$ 1,509	\$ 41	\$ 74	\$ 9	\$ 135,637
Loss allowance (Lifetime ECL)	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(11)</u>	<u>(9)</u>	<u>(22)</u>
Amortized cost	<u>\$ 124,664</u>	<u>\$ 9,339</u>	<u>\$ 1,509</u>	<u>\$ 40</u>	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ 135,615</u>

December 31, 2023

	Not Past Due	Up to 90 Days	91 to 180 Days	181 to 270 Days	271 to 360 Days	Over 360 Days	Total
Expected credit loss rate	0.03%	0.006%	0%	6.66%	19.31%	100%	
Gross carrying amount	\$ 95,028	\$ 13,372	\$ 2,843	\$ 3,052	\$ 1	\$ 26	\$ 114,322
Loss allowance (Lifetime ECL)	(2)	(5)	-	-	-	(26)	(33)
Amortized cost	<u>\$ 95,026</u>	<u>\$ 13,367</u>	<u>\$ 2,843</u>	<u>\$ 3,052</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 114,289</u>

The movements of the loss allowance of trade receivables (including overdue receivables) were as follows:

	<u>For the Year Ended December 31</u>	
	2024	2023
Balance at January 1	\$ 33	\$ 199
Add: Net remeasurement of loss allowance	-	92
Less: Net remeasurement of loss allowance reversed	(11)	-
Less: Amounts written off	<u>-</u>	<u>(258)</u>
Balance at December 31	<u>\$ 22</u>	<u>\$ 33</u>

c. Other receivables

Other receivables mainly consist of VAT refund receivables and interest receivables, and the Company's policy is to transact only with creditworthy counterparties. The Company continuously monitors and makes reference to the past default experience of counterparties and analyzes their current financial position in order to evaluate whether there has been a significant increase in the credit risk of other receivables since initial recognition and to measure the expected credit loss. As of December 31, 2024 and 2023, the Company assessed that there is no need to recognize expected credit loss on other receivables.

11. INVENTORIES

	<u>December 31</u>	
	2024	2023
Merchandise inventory	\$ 275	\$ 190
Finished goods	91,015	90,816
Work in progress	29,742	14,433
Raw materials	<u>29,255</u>	<u>27,240</u>
	<u>\$ 150,287</u>	<u>\$ 132,679</u>

The nature of the cost of goods sold were as follows:

	<u>For the Year Ended December 31</u>	
	2024	2023
Cost of inventories sold	\$ 472,157	\$ 504,834
Disposal of inventory	6,040	3,035
Inventory write-downs	1,749	2,317
Loss on physical inventory	<u>10</u>	<u>18</u>
	<u>\$ 479,956</u>	<u>\$ 510,204</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31	
	2024	2023
Powerline Corp. (Note 1)	\$ 433,505	\$ 374,138
Golden Land International Corp.	85,480	80,331
Gain Access Investments Ltd.	34,602	30,867
PT. Finetek Automation Indonesia	32,927	32,069
Finetek GmbH (Note 2)	148,474	151,281
Tenda Capital Inc (Note 3)	55,472	50,189
Accurtech Co., Ltd. (Note 4)	<u>9,992</u>	<u>-</u>
	<u>\$ 800,452</u>	<u>\$ 718,875</u>
	Proportion of Ownership and Voting Rights	
	2024	2023
Powerline Corp.	100.00%	100.00%
Golden Land International Corp.	100.00%	100.00%
Gain Access Investments Ltd.	100.00%	100.00%
PT. Finetek Automation Indonesia	99.70%	99.70%
Finetek GmbH	100.00%	100.00%
Tenda Capital Inc	100.00%	100.00%
Accurtech Co., Ltd.	100.00%	-

Note 1: In May 2023, the subsidiary Fine Automation Co., Ltd. distributed retained earnings of RMB16,197 thousand (NT\$69,599 thousand) to its parent company, Faco International Co., Ltd. Subsequently, Faco International Co., Ltd. distributed retained earnings to the Company through Powerline Corp.

Note 2: In June 2024, the subsidiary Finetek GmbH distributed retained earnings of EUR500 thousand (NT\$17,305 thousand) to the Company.

Note 3: The Company established a subsidiary, Tenda Capital Inc for \$50,000 thousand with 100% ownership, which was approved by the New Taipei City Government in September 2023 to complete the establishment and registration. In March 2024, the subsidiary Tenda Capital Inc distributed retained earnings of \$170 thousand to the Company.

Note 4: The Company established a subsidiary, Accurtech Co., Ltd. for \$10,000 thousand with 100% ownership, which was approved by the New Taipei City Government in December 2024 to complete the establishment and registration.

Refer to Note 36 for the details of the subsidiaries indirectly held by the Company.

13. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Company

	Freehold Land	Buildings	Machinery and Equipment	Transportation	Office Equipment	Molding Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>									
Balance at January 1, 2024	\$ 425,685	\$ 299,349	\$ 65,880	\$ 3,404	\$ 13,551	\$ 28,387	\$ 35,496	\$ -	\$ 871,752
Additions	-	1,644	947	-	2,858	2,746	3,615	-	11,810
Disposals	-	-	(442)	-	-	(17)	(86)	-	(545)
Reclassified (Note)	-	-	1,130	-	-	204	-	-	1,334
Balance at December 31, 2024	<u>\$ 425,685</u>	<u>\$ 300,993</u>	<u>\$ 67,515</u>	<u>\$ 3,404</u>	<u>\$ 16,409</u>	<u>\$ 31,320</u>	<u>\$ 39,025</u>	<u>\$ -</u>	<u>\$ 884,351</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2024	\$ -	\$ 103,111	\$ 54,171	\$ 3,364	\$ 8,848	\$ 24,865	\$ 34,379	\$ -	\$ 228,738
Depreciation expense	-	15,292	4,817	40	2,277	2,864	779	-	26,069
Disposals	-	-	(442)	-	-	(17)	(86)	-	(545)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 118,403</u>	<u>\$ 58,546</u>	<u>\$ 3,404</u>	<u>\$ 11,125</u>	<u>\$ 27,712</u>	<u>\$ 35,072</u>	<u>\$ -</u>	<u>\$ 254,262</u>
Carrying amount at December 31, 2024	<u>\$ 425,685</u>	<u>\$ 182,590</u>	<u>\$ 8,969</u>	<u>\$ -</u>	<u>\$ 5,284</u>	<u>\$ 3,608</u>	<u>\$ 3,953</u>	<u>\$ -</u>	<u>\$ 630,089</u>
<u>Cost</u>									
Balance at January 1, 2023	\$ 425,685	\$ 277,636	\$ 58,131	\$ 8,004	\$ 10,743	\$ 25,863	\$ 35,101	\$ 5,658	\$ 846,821
Additions	-	13,304	7,329	-	4,176	3,452	1,191	-	29,452
Disposals	-	-	-	(4,600)	(1,752)	(1,020)	(796)	-	(8,168)
Reclassified (Note)	-	8,409	420	-	384	92	-	(5,658)	3,647
Balance at December 31, 2023	<u>\$ 425,685</u>	<u>\$ 299,349</u>	<u>\$ 65,880</u>	<u>\$ 3,404</u>	<u>\$ 13,551</u>	<u>\$ 28,387</u>	<u>\$ 35,496</u>	<u>\$ -</u>	<u>\$ 871,752</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2023	\$ -	\$ 88,183	\$ 49,879	\$ 7,842	\$ 8,327	\$ 23,562	\$ 34,037	\$ -	\$ 211,830
Depreciation expense	-	14,928	4,292	122	2,273	2,323	903	-	24,841
Disposals	-	-	-	(4,600)	(1,752)	(1,020)	(561)	-	(7,933)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 103,111</u>	<u>\$ 54,171</u>	<u>\$ 3,364</u>	<u>\$ 8,848</u>	<u>\$ 24,865</u>	<u>\$ 34,379</u>	<u>\$ -</u>	<u>\$ 228,738</u>
Carrying amount at December 31, 2023	<u>\$ 425,685</u>	<u>\$ 196,238</u>	<u>\$ 11,709</u>	<u>\$ 40</u>	<u>\$ 4,703</u>	<u>\$ 3,522</u>	<u>\$ 1,117</u>	<u>\$ -</u>	<u>\$ 643,014</u>

Note: Transferred from prepayments for equipment.

For the years ended December 31, 2024 and 2023, no impairment assessment was performed as there were no indications of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20-35 years
Auxiliary equipment	2-20 years
Machinery and equipment	1-10 years
Transportation	4-5 years
Office equipment	1-5 years
Molding equipment	1-4 years
Other equipment	1-8 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Carrying amount</u>		
Transportation	<u>\$ 4,844</u>	<u>\$ 3,821</u>

	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	\$ <u>2,022</u>	\$ <u>3,817</u>
Depreciation charge for right-of-use assets Transportation	\$ <u>999</u>	\$ <u>178</u>
b. Lease liabilities		

	December 31	
	2024	2023
<u>Carrying amount</u>		
Current	\$ <u>1,415</u>	\$ <u>805</u>
Non-current	\$ <u>3,464</u>	\$ <u>3,020</u>

Range of discount rates for lease liabilities were as follows:

	December 31	
	2024	2023
Transportation	1.85%-1.975%	1.85%
c. Material leasing activities and terms - as lessee		

The Company leases buildings and transportation equipment with lease terms of 2 to 5 years. These arrangements do not contain renewal or purchase options.

d. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	\$ <u>412</u>	\$ <u>336</u>
Total cash outflow for leases	\$ <u>(1,453)</u>	\$ <u>(518)</u>

The Company's leases of certain offices qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments (the Company as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2024	2023
Lease commitments	\$ <u>412</u>	\$ <u>336</u>

15. OTHER INTANGIBLE ASSETS

	Computer Software	Licenses and Franchises	Specialized Technology	Total
<u>Cost</u>				
Balance at January 1, 2024	\$ 44,305	\$ 750	\$ 124	\$ 45,179
Additions	<u>3,297</u>	<u>-</u>	<u>-</u>	<u>3,297</u>
Balance at December 31, 2024	<u>\$ 47,602</u>	<u>\$ 750</u>	<u>\$ 124</u>	<u>\$ 48,476</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2024	\$ 32,890	\$ 237	\$ 48	\$ 33,175
Amortization expense	<u>6,130</u>	<u>25</u>	<u>41</u>	<u>6,196</u>
Balance at December 31, 2024	<u>\$ 39,020</u>	<u>\$ 262</u>	<u>\$ 89</u>	<u>\$ 39,371</u>
Carrying amount at December 31, 2024	<u>\$ 8,582</u>	<u>\$ 488</u>	<u>\$ 35</u>	<u>\$ 9,105</u>
<u>Cost</u>				
Balance at January 1, 2023	\$ 58,184	\$ 750	\$ 124	\$ 59,058
Additions	3,245	-	-	3,245
Disposals	<u>(17,124)</u>	<u>-</u>	<u>-</u>	<u>(17,124)</u>
Balance at December 31, 2023	<u>\$ 44,305</u>	<u>\$ 750</u>	<u>\$ 124</u>	<u>\$ 45,179</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2023	\$ 44,029	\$ 212	\$ 7	\$ 44,248
Amortization expense	5,985	25	41	6,051
Disposals	<u>(17,124)</u>	<u>-</u>	<u>-</u>	<u>(17,124)</u>
Balance at December 31, 2023	<u>\$ 32,890</u>	<u>\$ 237</u>	<u>\$ 48</u>	<u>\$ 33,175</u>
Carrying amount at December 31, 2023	<u>\$ 11,415</u>	<u>\$ 513</u>	<u>\$ 76</u>	<u>\$ 12,004</u>

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-10 years
Licenses and franchises	29 years
Specialized technology	3 years

An analysis of amortization by function:

	For the Year Ended December 31	
	2024	2023
Operating costs	\$ 2,203	\$ 1,907
Selling and marketing expenses	2,684	2,854
General and administrative expenses	543	596
Research and development expenses	<u>766</u>	<u>694</u>
	<u>\$ 6,196</u>	<u>\$ 6,051</u>

16. OTHER ASSETS

	December 31	
	2024	2023
<u>Current</u>		
Prepayments for purchases	\$ 804	\$ 1,154
Prepayments	<u>329</u>	<u>1,530</u>
	<u>\$ 1,133</u>	<u>\$ 2,684</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 5,485	\$ 4,579
Refundable deposits (Note)	6,017	4,566
Net defined benefit assets (Note 21)	<u>4,020</u>	<u>3,182</u>
	<u>\$ 15,522</u>	<u>\$ 12,327</u>

Note: The Company considers the past default experience of the debtor and an analysis of the debtor's current financial position to measure 12-month or lifetime expected credit losses on refundable deposits. As of December 31, 2024 and 2023, the Company assessed that there was no need to recognize expected credit loss on refundable deposits.

17. BORROWINGS

Long-term Borrowings

	December 31	
	2024	2023
<u>Secured borrowings</u>		
Bank loans	\$ -	\$ 176,923
Less: Current portion	<u>-</u>	<u>(15,385)</u>
Long-term borrowings	<u>\$ -</u>	<u>\$ 161,538</u>

The Company's long-term borrowings were as follows:

Significant Terms	December 31	
	2024	2023
Loan period: 2020.6.10-2035.6.10		
Creditor: Mega International Commercial Bank Co., Ltd.		
Repayment: The principal is payable monthly in equal amounts after 2 years of grace period. Interest is paid monthly. (The loan was fully repaid in advance on November 20, 2024)		
Interest rate: - ; 1.85%	\$ -	\$ 176,923

The Company used land and buildings as collateral to acquire a loan from the bank are set out in Note 32.

18. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2024	2023
<u>Notes payable</u>		
Operating	\$ 3,785	\$ 3,903
<u>Trade payables</u>		
Operating	\$ 50,223	\$ 59,406

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. BONDS PAYABLE

	December 31	
	2024	2023
1st unsecured domestic convertible bonds	\$ 446,790	\$ -
Less: Current portion	-	-
	<u>\$ 446,790</u>	<u>\$ -</u>

Initially unsecured domestic convertible bonds

On August 5, 2024, the Company's Board of Directors resolved to approve the issuance of 5,000 units of unsecured, zero-coupon, New Taiwan Dollar-denominated convertible corporate bonds. The bonds were issued at 117.27% of their face value through the Taipei Exchange on November 7, 2024, with a total principal amount of NT\$500,000 thousand and a maturity period of three years. The key issuance terms are as follows:

- a. Issuance date: November 7, 2024 to November 7, 2027.

b. Repayment of maturity:

Except for bondholders who apply for conversion into common shares, or cases where the Company redeems or repurchases and cancels the bonds before maturity, all outstanding bonds will be repaid in cash at par upon maturity.

c. Conversion terms

- 1) Each holder of the bonds has the right during the conversion period, from February 8, 2025 (3 months after the issue date) to November 7, 2027 (the maturity date), except for cases where conversion requests are not permitted, to convert its bonds into ordinary shares through their securities broker, by notifying Taiwan Depository & Clearing Corporation (TDCC) and contacting the Company's Stock Transfer Agency. Except for the following periods: (i) the period during which the Company may be required to close its share transfer books under the applicable laws and regulations; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of shares or cash dividends, the subscription of new shares due to a capital increase until the date ending on such record date; (iii) the period beginning on the date of a capital reduction until one day prior to the trading day on which the shares of the Company are reissued after such reduction; (iv) the period from the commencement of the conversion suspension date due to the change in the par value of the shares until the day before the start of trading of the new shares issued in exchange.
- 2) The conversion price of this convertible bond was initially set at NT\$166 per share, based on the pricing reference date of October 17, 2024. After the pricing date, due to the ex-rights trading day on October 24, 2024, during which each common share was entitled to an ex-rights value of NT\$0.2, the conversion price was adjusted on the ex-rights reference date, November 1, 2024. The adjusted conversion price is NT\$162.7 per share.

d. Important redemption terms

- 1) From February 8, 2025 (3 months after the issue date) to September 28, 2027 (40 days prior to the maturity date), if the closing price of the Company's ordinary shares listed on the Taipei Exchange exceeds the then-effective conversion price by 30% or more for 30 consecutive trading days, the Company may redeem its outstanding convertible corporate bonds in cash at their face value.
 - 2) From February 8, 2025 (3 months after the issue date) to September 28, 2027 (40 days prior to the maturity date), if the balance of the outstanding convertible bonds is lower than 10% of the original principal amount, the Company may repurchase the convertible corporate bonds from bondholders in cash at their face value.
- e. The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - equity component of convertible bonds. The effective interest rate of the liability component was 2.4121% per annum on initial recognition; the option derivatives are measured at fair value through profit or loss.

Proceeds from issuance (less transaction costs of \$5,350 thousand)	\$ 580,985
Equity component	(118,215)
Financial assets at FVTPL	1,290
Deferred tax assets	<u>1,070</u>
Liability component at the date of issue	465,130
Interest charged at an effective interest rate of 2.4121%	<u>1,660</u>
Liability component at December 31, 2024	<u>\$ 466,790</u>

20. OTHER LIABILITIES

	December 31	
	2024	2023
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 31,011	\$ 30,500
Payables for compensation of employees	11,000	11,000
Payables for remuneration of directors	10,000	10,000
Payables for labor and health insurance	3,942	3,746
Payables for shipping costs	3,087	2,903
Payables for purchases of equipment (Note 28)	1,318	2,136
Others	<u>11,671</u>	<u>9,706</u>
	<u>\$ 72,029</u>	<u>\$ 69,991</u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

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

The Company evaluates the amount of its Labor Retirement Reserve Fund accumulated to be sufficient to provide for the Labor Pension Fund. Therefore, the Company suspended the contribution to the reserve in October 2023. The above suspension has been approved by the Bureau of Labor Affairs of the New Taipei City Government.

The amounts included in the balance sheet in respect of the Company's defined benefit plans were as follows:

	December 31	
	2024	2023
Present value of defined benefit obligation	\$ (5,210)	\$ (5,297)
Fair value of plan assets	<u>9,230</u>	<u>8,479</u>
Net defined benefit assets	<u>\$ 4,020</u>	<u>\$ 3,182</u>

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets (Liabilities)
Balance at January 1, 2023	\$ (5,244)	\$ 8,052	\$ 2,808
Service costs			
Current service costs	(1)	-	(1)
Net interest (expense) income	<u>(65)</u>	<u>102</u>	<u>37</u>
Recognized in profit or loss	<u>(66)</u>	<u>102</u>	<u>36</u>
Remeasurement			
Return on plan assets	-	69	69
Actuarial loss			
Experience adjustments	<u>13</u>	<u>-</u>	<u>13</u>
Recognized in other comprehensive income (loss)	<u>13</u>	<u>69</u>	<u>82</u>
Contributions from the employer	<u>-</u>	<u>256</u>	<u>256</u>
Balance at December 31, 2023	<u>(5,297)</u>	<u>8,479</u>	<u>3,182</u>
Service costs			
Current service costs	(2)	-	(2)
Net interest (expense) income	<u>(65)</u>	<u>105</u>	<u>40</u>
Recognized in profit or loss	<u>(67)</u>	<u>105</u>	<u>38</u>
Remeasurement			
Return on plan assets	-	746	746
Actuarial loss			
Experience adjustments	<u>54</u>	<u>-</u>	<u>54</u>
Recognized in other comprehensive income (loss)	<u>54</u>	<u>746</u>	<u>800</u>
Contributions from the employer	<u>100</u>	<u>(100)</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ (5,210)</u>	<u>\$ 9,230</u>	<u>\$ 4,020</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plan is as follows:

	For the Year Ended December 31	
	2024	2023
General and administrative expenses	<u>\$ (38)</u>	<u>\$ (36)</u>

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

- 1) Investment risk: The plan assets are invested in both domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2024	2023
Discount rate(s)	1.50%	1.25%
Expected rate(s) of salary increase	2.75%	2.75%

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

	December 31	
	2024	2023
Discount rate(s)		
0.25% increase	\$ (87)	\$ (96)
0.25% decrease	\$ 89	\$ 100
Expected rate(s) of salary increase		
1% increase	\$ 367	\$ 409
1% decrease	\$ (332)	\$ (366)

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

	December 31	
	2024	2023
The expected contributions to the plan for the next year	\$ -	\$ -
The average duration of the defined benefit obligation	8.7 years	9.1 years

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2024	2023
Number of shares authorized (in thousands)	<u>82,000</u>	<u>62,000</u>
Shares authorized	<u>\$ 820,000</u>	<u>\$ 620,000</u>
Number of shares issued and fully paid (in thousands)	<u>55,885</u>	<u>54,790</u>
Shares issued	<u>\$ 558,848</u>	<u>\$ 547,890</u>

On May 27, 2024, the Company's shareholders resolved at the annual general meeting to amend the Articles of Incorporation to increase the authorized capital to NT\$820,000 thousand, divided into 82,000 thousand shares. The amendment was approved by the competent authority, and the registration of the change was completed on June 11, 2024.

In the shareholders' meeting on May 27, 2024, the Company's shareholders approved the capitalization of retained earnings in the amount of \$10,958 thousand to issue 1,095 thousand new shares with a par value of NT\$10. The capital increase was approved and became effective upon registration by the FSC on September 23, 2024, and the record date for the capital increase was set by board resolution on October 7, 2024, as November 1, 2024.

In the shareholders' meeting on June 9, 2023, the Company's shareholders approved the capitalization of retained earnings in the amount of \$54,295 thousand to issue 5,430 thousand new shares with a par value of NT\$10. The capital increase was approved and became effective upon registration by the FSC on August 8, 2023, and the record date for the capital increase was set by board resolution on August 11, 2023, as September 4, 2023.

b. Capital surplus

	December 31	
	2024	2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Premium from issuance of ordinary shares	\$ 326,872	\$ 326,872
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	34	34
<u>May not be used for any purpose</u>		
Share warrants	<u>118,215</u>	<u>-</u>
	<u>\$ 445,121</u>	<u>\$ 326,906</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

	Premium from Issuance of Ordinary Shares	The Difference between Consideration Received or Paid and the Carrying Amount of the Subsidiaries' Net Assets During Actual Disposal or Acquisition	Employee Share Options	Share Warrants
Balance at January 1, 2024	\$ 326,872	\$ 34	\$ -	\$ -
Share warrants of convertible bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,215</u>
Balance at December 31, 2024	<u>\$ 326,872</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 118,215</u>
Balance at January 1, 2023	\$ 325,800	\$ 34	\$ 2,433	\$ -
Transfer of treasury shares to employees	<u>1,072</u>	<u>-</u>	<u>(2,433)</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 326,872</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ -</u>

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 24(g).

In accordance with the amendments to the Company Act, the distribution of dividends may be made by way of cash dividends or share dividends, where the ratio of the cash dividends shall not be less than 10% of the total shareholders' dividends.

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

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for the 2023 and 2022 which were approved in the shareholders' meetings on May 27, 2024 and June 9, 2023, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2023	2022
Legal reserve	\$ 26,790	\$ 31,356
Special reserve	\$ 3,206	\$ (24,968)
Cash dividends	\$ 219,156	\$ 197,438
Share dividends	\$ 10,958	\$ 54,295
Cash dividends per share (NT\$)	\$ 4.0	\$ 4.0
Share dividends per share (NT\$)	\$ 0.2	\$ 1.1

The appropriations of earnings for 2024, which were proposed by the Company's board of directors on March 10, 2025, were as follows:

	For the Year Ended December 31, 2024
Legal reserve	\$ 26,439
Special reserve	\$ (24,375)
Cash dividends	\$ 229,127
Share dividends	\$ 11,177
Cash dividends per share (NT\$)	\$ 4.1
Share dividends per share (NT\$)	\$ 0.2

The appropriation of earnings for 2024 will be resolved by the shareholders in their meeting to be held on June 13, 2025.

d. Special reserve

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 52,271	\$ 77,239
Appropriation in respect of:		
The debit to (reversal of) other equity items	<u>3,206</u>	<u>(24,968)</u>
Balance at December 31	<u>\$ 55,477</u>	<u>\$ 52,271</u>

e. Other equity items

1) Exchange differences on translation of the financial statements for foreign operations

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ (55,477)	\$ (52,271)
Recognized for the year		
Exchange differences on translation of foreign operations	30,468	(4,008)
Income tax related to exchange differences arising on translation to the presentation currency (Note 25)	<u>(6,093)</u>	<u>802</u>
Balance at December 31	<u>\$ (31,102)</u>	<u>\$ (55,477)</u>

f. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2023	100
Decrease during the year	<u>(100)</u>
Number of shares at December 31, 2023	<u><u>-</u></u>

From October 2018 to November 2018, for the purpose of transferring shares to employees, the Company bought back 500 thousand shares from the open market amounting to \$36,973 thousand.

In January 2023, the Company's employees subscribed 100 thousand ordinary shares at an exercise price of \$60.51 per share. After the deduction of the net of \$19 thousand in securities transaction taxes and other transaction costs, the total amount was \$6,032 thousand. The Company reversed \$7,393 thousand of treasury shares and \$2,433 thousand of capital surplus - employee share options, and the difference of \$1,072 thousand was recognized in capital surplus - treasury share transactions.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

23. REVENUE

	For the Year Ended December 31	
	2024	2023
Revenue from contracts with customers		
Revenue from sale of goods	\$ 891,721	\$ 928,002
Revenue from rendering of services	<u>2,261</u>	<u>2,574</u>
	<u>\$ 893,982</u>	<u>\$ 930,576</u>

a. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable (Note 10)	\$ <u>13,793</u>	\$ <u>16,428</u>	\$ <u>22,810</u>
Trade receivables (Note 10)	\$ <u>79,840</u>	\$ <u>61,575</u>	\$ <u>64,699</u>
Trade receivables from related parties (Note 31)	\$ <u>55,775</u>	\$ <u>52,714</u>	\$ <u>78,587</u>
Long-term notes receivable (Note 10)	\$ <u>1,241</u>	\$ <u>-</u>	\$ <u>-</u>
Contract liabilities - current			
Sales of goods	\$ <u>9,685</u>	\$ <u>7,788</u>	\$ <u>19,715</u>
Contract liabilities - non-current (included in other non-current liabilities)			
Sales of goods	\$ <u>8</u>	\$ <u>-</u>	\$ <u>-</u>

The changes in the balance of contract liabilities primarily resulted from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods were as follows:

	<u>For the Year Ended December 31</u>	
	2024	2023
<u>From contract liabilities at the start of the year</u>		
Sale of goods	\$ <u>7,788</u>	\$ <u>19,162</u>

b. Disaggregation of revenue

	<u>For the Year Ended December 31</u>	
	2024	2023
<u>Product categories</u>		
Process automated sensor development	\$ 768,181	\$ 805,200
Pneumatic control system	42,517	48,056
Other	<u>83,284</u>	<u>77,320</u>
	\$ <u>893,982</u>	\$ <u>930,576</u>

24. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2024	2023
Bank deposits	\$ 3,080	\$ 2,344
Financial assets at amortized cost	1,220	917
Imputed interest	<u>27</u>	<u>78</u>
	<u>\$ 4,327</u>	<u>\$ 3,339</u>

b. Other income

	For the Year Ended December 31	
	2024	2023
Dividend income	\$ 3,801	\$ 2,053
Government grant income	128	89
Rental income (Note 31)	124	38
Others	<u>2,239</u>	<u>1,322</u>
	<u>\$ 6,292</u>	<u>\$ 3,502</u>

c. Other gains and (losses)

	For the Year Ended December 31	
	2024	2023
Net foreign exchange gains	\$ 18,405	\$ 3,125
Fair value changes of financial assets		
Financial assets mandatorily classified as at FVTPL	14,385	14,583
Receipts of payments under custody (Note 31)	6,254	5,315
Expected credit gain (loss) (Note 9)	156	(165)
Gain on disposal of property, plant and equipment	40	188
Others	<u>(417)</u>	<u>(10)</u>
	<u>\$ 38,823</u>	<u>\$ 23,036</u>

d. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest on loans	\$ 3,049	\$ 3,420
Interest on convertible bonds (Note 19)	1,660	-
Interest on lease liabilities	<u>73</u>	<u>7</u>
	<u>\$ 4,782</u>	<u>\$ 3,427</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 20,048	\$ 19,252
Operating expenses	<u>7,020</u>	<u>5,767</u>
	<u>\$ 27,068</u>	<u>\$ 25,019</u>
An analysis of amortization by function		
Operating costs	\$ 2,203	\$ 1,907
Operating expenses	<u>3,993</u>	<u>4,144</u>
	<u>\$ 6,196</u>	<u>\$ 6,051</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Short-term benefits	\$ 166,525	\$ 163,535
Post-employment benefits (Note 21)		
Defined contribution plan	7,813	7,616
Defined benefit plans	(38)	(36)
Other employee benefits	<u>33,299</u>	<u>30,974</u>
Total employee benefits expense	<u>\$ 207,599</u>	<u>\$ 202,089</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 79,593	\$ 83,536
Operating expenses	<u>128,006</u>	<u>118,553</u>
	<u>\$ 207,599</u>	<u>\$ 202,089</u>

g. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates of no less than 3% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors on March 10, 2025 and March 11, 2024, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2024	2023
Compensation of employees	3.24%	3.13%
Remuneration of directors	2.94%	2.85%

Amount

	For the Year Ended December 31	
	2024	2023
	Cash	Cash
Compensation of employees	\$ 11,000	\$ 11,000
Remuneration of directors	10,000	10,000

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2024	2023
Foreign exchange gains	\$ 26,855	\$ 20,244
Foreign exchange losses	<u>(8,450)</u>	<u>(17,119)</u>
Net foreign exchange gains	<u>\$ 18,405</u>	<u>\$ 3,125</u>

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current period	\$ 50,112	\$ 62,851
Income tax on unappropriated earnings	390	899
Adjustments for prior years	<u>(1,875)</u>	<u>2,111</u>
	<u>48,627</u>	<u>65,861</u>
Deferred tax		
In respect of the current period	<u>6,212</u>	<u>(3,627)</u>
Income tax expense recognized in profit or loss	<u>\$ 54,839</u>	<u>\$ 62,234</u>

The reconciliations of the accounting profit and income tax expense were as follows:

	For the Year Ended December 31	
	2024	2023
Profit before tax	<u>\$ 318,584</u>	<u>\$ 330,072</u>
Income tax expense calculated at the statutory rate	\$ 63,717	\$ 66,014
Nondeductible expenses in determining taxable income	(4,273)	(3,085)
Tax-exempt income	(16)	(242)
Income tax on unappropriated earnings	390	899
Deferred tax effect of earnings of subsidiaries	(3,104)	(3,463)
Adjustments for prior years' tax	<u>(1,875)</u>	<u>2,111</u>
Income tax expense recognized in profit or loss	<u>\$ 54,839</u>	<u>\$ 62,234</u>
b. Income tax recognized in other comprehensive income		
	For the Year Ended December 31	
	2024	2023
<u>Deferred tax</u>		
In respect of the current period		
Translation of foreign operations	\$ 6,093	\$ (802)
Remeasurement of defined benefit plans	<u>160</u>	<u>16</u>
Total income tax recognized in other comprehensive income	<u>\$ 6,253</u>	<u>\$ (786)</u>
c. Current tax assets and liabilities		
	December 31	
	2024	2023
Current tax liabilities		
Income tax payable	<u>\$ 17,056</u>	<u>\$ 18,935</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Others	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Exchange differences on translation of the financial statements of foreign operations	\$ 10,782	\$ -	\$ (6,093)	\$ -	\$ 4,689
Defined benefit plans	31	(8)	-	(23)	-
Unrealized gains on transactions with associates	4,867	(283)	-	-	4,584
Payables for annual leave	96	6	-	-	102
Convertible bonds (Note)	-	-	-	1,070	1,070
Allowance for impairment of receivables	109	-	-	-	109
Allowance for financial assets at amortized cost	38	(31)	-	-	7
Unrealized losses on write-down of inventories	8,763	350	-	-	9,113
Unrealized loss on transactions	<u>1,870</u>	<u>(1,394)</u>	<u>-</u>	<u>-</u>	<u>476</u>
	<u>\$ 26,556</u>	<u>\$ (1,360)</u>	<u>\$ (6,093)</u>	<u>\$ 1,047</u>	<u>\$ 20,150</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	\$ 44,965	\$ 3,781	\$ -	\$ -	\$ 48,746
Defined benefit plans	-	-	160	(23)	137
Unrealized gain on transactions	<u>1,451</u>	<u>1,071</u>	<u>-</u>	<u>-</u>	<u>2,522</u>
	<u>\$ 46,416</u>	<u>\$ 4,852</u>	<u>\$ 160</u>	<u>\$ (23)</u>	<u>\$ 51,405</u>

Note: The deferred income tax asset of \$1,070 thousand pertains to issuance costs related to the convertible corporate bonds.

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Others	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Exchange differences on translation of the financial statements of foreign operations	\$ 9,980	\$ -	\$ 802	\$ -	\$ 10,782
Defined benefit plans	105	(58)	(16)	-	31
Unrealized gains on transactions with associates	8,392	(3,525)	-	-	4,867
Payables for annual leave	202	(106)	-	-	96
Allowance for impairment of receivables	57	52	-	-	109
Allowance for financial assets at amortized cost	5	33	-	-	38
Unrealized losses on write-down of inventories	8,300	463	-	-	8,763
Unrealized loss on transactions	<u>613</u>	<u>1,257</u>	<u>-</u>	<u>-</u>	<u>1,870</u>
	<u>\$ 27,654</u>	<u>\$ (1,884)</u>	<u>\$ 786</u>	<u>\$ -</u>	<u>\$ 26,556</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	\$ 50,803	\$ (5,838)	\$ -	\$ -	\$ 44,965
Unrealized gain on transactions	<u>1,124</u>	<u>327</u>	<u>-</u>	<u>-</u>	<u>1,451</u>
	<u>\$ 51,927</u>	<u>\$ (5,511)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,416</u>

- e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2024 and 2023, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$160,507 thousand and \$144,989 thousand, respectively.

- f. Income tax assessments

The tax returns through 2022 have been assessed by the tax authorities. As of December 31, 2024, the Company has no unsettled lawsuits in relation to tax.

26. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2024	2023
Basic earnings per share	\$ <u>4.72</u>	\$ <u>4.79</u>
Diluted earnings per share	\$ <u>4.67</u>	\$ <u>4.78</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on November 1, 2024. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2023 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	\$ <u>4.89</u>	\$ <u>4.79</u>
Diluted earnings per share	\$ <u>4.88</u>	\$ <u>4.78</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net profit for the year

	For the Year Ended December 31	
	2024	2023
Profit for the year attributable to owners of the Company	\$ 263,745	\$ 267,838
Effect of potentially dilutive ordinary shares:		
Effect of convertible bonds	<u>(524)</u>	<u>-</u>
	\$ <u>263,221</u>	\$ <u>267,838</u>

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	55,885	55,885
Effect of potentially dilutive ordinary shares:		
Convertible bonds	462	-
Compensation of employees	<u>72</u>	<u>148</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>56,419</u>	<u>56,033</u>

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

27. SHARE-BASED PAYMENT ARRANGEMENTS

Treasury Shares Transferred to Employees

In order to motivate and enhance the motivation of employees, the board of directors resolved to transfer 100 thousand shares of treasury shares to employees on December 23, 2022, and set December 26, 2022 and as the grant date, and the related information were as follows:

	For the Year Ended December 31, 2023	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
<u>Employee share options</u>		
Balance at January 1	100	
Options exercised	<u>(100)</u>	\$ 60.51
Balance at December 31	<u><u>-</u></u>	
Options exercisable, end of the year	<u><u>-</u></u>	

The estimated fair value of the Company's equity instruments given on the grant date was separately recognized as compensation costs under the option pricing model. The fair value was determined based on the Black-Scholes option pricing model. The inputs values to the model were as follows:

	December 2022
Grant-date share price	\$84.80
Exercise price	\$60.51
Expected volatility	16.50%
Expected life (in years)	0.04 years
Expected employee subscription rate	100%
Risk-free interest rate	0.89%

28. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Company entered into the following non-cash investing activities which were not reflected in the statements of cash flows for the years ended December 31, 2024 and 2023:

- 1) As of December 31, 2024 and 2023, the unsettled payments for the acquisition of property, plant and equipment were \$1,318 thousand and \$2,136 thousand, respectively, which were recorded as other payables.
- 2) As of December 31, 2024 and 2023, the unpaid amounts for the acquisition of computer software were both \$205 thousand, and were recorded as other payables.
- 3) The Company issued convertible bonds on November 7, 2024, and recognized the following components: An asset component of NT\$1,290 thousand (recorded as current financial assets measured at fair value through profit or loss), an equity component of NT\$118,215 thousand (recorded as capital surplus - share warrants), and deferred tax assets of NT\$1,070 thousand.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2024

	January 1, 2024	Cash Flows	Non-cash Changes				Others (Note)	December 31, 2024
			New Leases	Interest Expenses	Tax Effect	Discounts on Bonds Payable		
Long-term borrowings and long-term borrowings due within one year	\$ 176,923	\$ (176,923)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable	-	586,335	-	1,660	1,070	(116,925)	(5,350)	466,790
Lease liabilities	3,825	(968)	2,022	73	-	-	(73)	4,879
Guarantee deposits	10	-	-	-	-	-	-	10
	<u>\$ 180,758</u>	<u>\$ 408,444</u>	<u>\$ 2,022</u>	<u>\$ 1,733</u>	<u>\$ 1,070</u>	<u>\$(116,925)</u>	<u>\$ (5,423)</u>	<u>\$ 471,679</u>

For the year ended December 31, 2023

	January 1, 2023	Cash Flows	Non-cash Changes			Others	December 31, 2023
			New Leases	Interest Expenses			
Long-term borrowings and long-term borrowings due within one year	\$ 213,087	\$ (36,164)	\$ -	\$ -		\$ -	\$ 176,923
Lease liabilities	183	(175)	3,817	7		(7)	3,825
Guarantee deposits	-	10	-	-		-	10
	<u>\$ 213,270</u>	<u>\$ (36,329)</u>	<u>\$ 3,817</u>	<u>\$ 7</u>		<u>\$ (7)</u>	<u>\$ 180,758</u>

Note: Including issuance costs of convertible bonds amounting to \$5,350 thousand.

29. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, capital surplus, retained earnings, and other equity).

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of new debt issued and existing debt redeemed.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

December 31, 2024

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
Foreign corporate bonds	\$ 22,872	\$ -	\$ 19,926	\$ -	\$ 19,926
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bonds payable	\$ 466,790	\$ -	\$ -	\$ 469,100	\$ 469,100

December 31, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
Foreign corporate bonds	\$ 21,255	\$ -	\$ 18,943	\$ -	\$ 18,943

The fair values of the financial assets included in the Level 2 category above have been determined in accordance with the income approach based on a discounted cash flow analysis.

The fair value measurement of the Level 3 convertible bond liability assumes that the bond will be redeemed at maturity, with the risk discount rate evaluated based on the borrowing rate of industry-related companies.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ 99,037	\$ -	\$ -	\$ 99,037
Derivative				
Convertible bonds options (Note 19)	<u>-</u>	<u>-</u>	<u>3,474</u>	<u>3,474</u>
	<u>\$ 99,037</u>	<u>\$ -</u>	<u>\$ 3,474</u>	<u>\$ 102,511</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed shares	<u>\$ 88,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,791</u>

In 2024 and 2023, there were no transfers between Levels 1 and 2.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

	Derivative - Convertible Bonds Options
<u>Financial assets</u>	
Balance at January 1	\$ -
Additions	1,290
Recognized in profit or loss (included in other gains and losses)	<u>2,184</u>
Balance at December 31	<u>\$ 3,474</u>
Unrealized loss for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 2,184</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

<u>Category of Financial Instruments</u>	<u>Valuation Technique and Inputs</u>
Redemption options of convertible bonds	Convertible bond valuation using the binomial tree model: Considering the bond's duration, the stock price and volatility of the underlying equity, the conversion price, risk-free rate, discount rate, and the liquidity risk of the convertible bond, among other factors.

c. Categories of financial instruments

	December 31	
	2024	2023
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 102,511	\$ 88,791
Financial assets at amortized cost (Note 1)	918,404	528,470
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	542,063	256,353

Note 1: The balances include financial assets measured at amortized cost, comprising cash and cash equivalents, notes receivable, trade receivables (including those from related parties), other receivables (including those from related parties but excluding VAT refund receivables), long-term notes receivable, and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, comprising notes payable, trade payables (including those to related parties), other payables (excluding salaries and bonuses payable, employee compensation payable, directors' remuneration payable, labor and health insurance payables, tax payables, retirement benefits payable, and paid leave payable), bonds payable, and guarantee deposits.

d. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, receivables, payables, borrowings, bonds payable and lease liabilities. The Company's financial department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's financial department reports quarterly to the board of directors, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates risk (see (a) below), interest rates risk (see (b) below), and other prices risk (see (c) below).

There have been no changes to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities exposing the Company to foreign currency risk at the end of the reporting period are set out in Note 35.

Sensitivity analysis

The Company was mainly exposed to fluctuations in the USD and the RMB.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated when the New Taiwan dollar weakens 5% against the relevant currency. For a 5% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	USD Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2024	2023	2024	2023
Profit	<u>\$ 12,896</u>	<u>\$ 17,978</u>	<u>\$ 1,846</u>	<u>\$ 9,808</u>

The profit above was mainly attributable to the foreign exchange exposure on the Company's outstanding USD-denominated bank deposits, account receivables, other receivables, financial assets measured at amortized cost, and account payables, as well as RMB-denominated bank deposits, account receivables, and account payables as of the balance sheet date.

The Company's sensitivity to the USD decreased during the current year mainly because of a decrease in USD bank deposits and trade receivables.

The Company's sensitivity to the RMB decreased during the current year mainly because of a decrease in RMB bank deposits.

b) Interest rate risk

The Company was exposed to interest rate risk because its bank deposits, financial assets at amortized cost, bank loans, bonds payable and lease liabilities are at fixed and floating interest rates.

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

	December 31	
	2024	2023
Fair value interest rate risk		
Financial assets	\$ 442,360	\$ 78,555
Financial liabilities	471,669	3,825
Cash flow interest rate risk		
Financial assets	217,920	168,476
Financial liabilities	-	176,923

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming that the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been a 1% basis point higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2024 and 2023 would have increase/decrease by \$2,179 thousand and decrease/increase by \$84 thousand, respectively, which would have been mainly attributable to the Company's exposure to interest rates on its floating-rate bank deposits and bank loans.

The Company's sensitivity to interest rates increased during the current year mainly due to a decrease in bank borrowings bearing interest on variable interest rates.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities.

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to equity prices at the end of the reporting period.

If the equity price of financial assets at FVTPL rises/falls by 1% and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2024 and 2023 would increase/decrease by \$1,026 thousand and \$888 thousand, respectively.

The Company's sensitivity to equity prices increased during the current year mainly due to the increase in the market price of equity securities held.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, in order to mitigate the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparties to discharge an obligation, pertains to financial assets recognized in the balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company's concentration of credit risk of both 43% of trade receivables and other receivables as of December 31, 2024 and 2023, respectively, was attributable to the Company's largest customer.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2024 and 2023, the Company had available unutilized bank loan facilities please set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables were drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables include both estimated interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 125	\$ 249	\$ 1,121	\$ 3,549	\$ -
Fixed interest rate liabilities	-	-	-	500,000	-
Non-interest bearing liabilities	<u>13,614</u>	<u>61,659</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,739</u>	<u>\$ 61,908</u>	<u>\$ 1,121</u>	<u>\$ 503,549</u>	<u>\$ -</u>

Further information on the maturity analysis of the above financial liabilities were as follows:

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 76	\$ 153	\$ 639	\$ 3,133	\$ -
Variable interest rate liabilities	1,541	3,052	13,721	70,603	105,674
Non-interest bearing liabilities	<u>12,396</u>	<u>67,034</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,013</u>	<u>\$ 70,239</u>	<u>\$ 14,360</u>	<u>\$ 73,736</u>	<u>\$ 105,674</u>

Further information on the maturity analysis of the above financial liabilities were as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
Variable interest rate liabilities	<u>\$ 18,314</u>	<u>\$ 70,603</u>	<u>\$ 82,283</u>	<u>\$ 23,391</u>
b) Loan commitments				
			December 31	
			2024	2023
Unsecured bank credit				
Amount used			\$ -	\$ -
Amount unused			<u>280,000</u>	<u>200,000</u>
			<u>\$ 280,000</u>	<u>\$ 200,000</u>
Secured bank credit which may be extended by mutual agreement:				
Amount used			\$ -	\$ 176,923
Amount unused			<u>-</u>	<u>-</u>
			<u>\$ -</u>	<u>\$ 176,923</u>

31. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Relationship with the Company
Fine Automation Co., Ltd.	Subsidiary
Aplus Finetek Sensor Inc.	Subsidiary
Finetek Pte., Ltd.	Subsidiary
Finetek GmbH	Subsidiary
Mutec Instruments GmbH	Subsidiary
PT. Finetek Automation Indonesia	Subsidiary
Tenda Capital Inc	Subsidiary
Accurtech Co., Ltd.	Subsidiary
Yilan Wu Sha Culture Foundation	Related party in substance (the chairman of the entity is the managing director of the Company)

b. Revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2024	2023
Sales revenue	Subsidiaries		
	Fine Automation Co., Ltd.	\$ 122,864	\$ 124,218
	Others	44,865	54,834
	Related party in substance	<u>-</u>	<u>29</u>
		<u>\$ 167,729</u>	<u>\$ 179,081</u>

The Company's selling prices for the sale of goods to related parties were negotiated with reference to the market prices in the respective regions, and the selling prices for non-related parties were determined based on the general market. The credit period for the sale of goods to related parties and non-related parties was 90 days after the month-end closing and date of advance collection till 150 days after the month-end closing, respectively.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2024	2023
Subsidiaries	<u>\$ 24,811</u>	<u>\$ 32,419</u>

The Company's purchase prices from the related parties were based on the regional market prices or cost-plus pricing. The prices to third parties were based on negotiations. Purchase payment terms are the same as those for unrelated parties.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2024	2023
Trade receivables	Subsidiaries		
	Fine Automation Co., Ltd.	\$ 32,108	\$ 30,693
	PT. Finetek Automation Indonesia	12,003	14,096
	Others	<u>11,664</u>	<u>7,925</u>
		<u>\$ 55,775</u>	<u>\$ 52,714</u>
Other receivables	Subsidiaries		
	Aplus Finetek Sensor Inc.	\$ 101,763	\$ 144,830
	Others	<u>157</u>	<u>318</u>
		<u>\$ 101,920</u>	<u>\$ 145,148</u>

The outstanding trade receivables from related parties were unsecured. For the years ended December 31, 2024 and 2023, no impairment loss was recognized on trade receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category	December 31	
		2024	2023
Trade payables	Subsidiaries		
	Fine Automation Co., Ltd.	\$ 6,262	\$ 2,898
	Others	<u>1,389</u>	<u>827</u>
		<u>\$ 7,651</u>	<u>\$ 3,725</u>
Other payables	Subsidiaries		
	Fine Automation Co., Ltd.	<u>\$ -</u>	<u>\$ 256</u>

The outstanding trade payables from related parties are unsecured.

f. Other transactions with related parties

Line Item	Related Party Category	For the Year Ended December 31	
		2024	2023
General and administrative expenses - donation	Related party in substance Yilan Wu Sha Culture Foundation	<u>\$ 2,500</u>	<u>\$ 4,500</u>
Other gains and losses - receipts of payments	Subsidiaries	<u>\$ 2,131</u>	<u>\$ 37</u>

g. Lease arrangements - the Group is lessor

Subsidiary Tenda Capital Inc leases office from the Company during 2024 and 2023 for a period of one year, with monthly rental payments. The rental income recognized in 2024 and 2023 were \$114 thousand and \$38 thousand, respectively; the security deposit received by the Company for leasing its office was recorded as a deposit of both \$10 thousand as of December 31, 2024 and 2023.

Subsidiary Accurtech Co., Ltd. leases office from the Company during 2024 for a period of one year, with monthly rental payments. The rental income recognized in 2024 was \$10 thousand.

h. Compensation of key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 23,473	\$ 24,848
Post-employment benefits	<u>571</u>	<u>585</u>
	<u>\$ 24,044</u>	<u>\$ 25,433</u>

The remunerations of directors and key executives were determined by the remuneration committee on the basis of individual performance and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as guarantees for sales, collateral for bank borrowings, government grant projects and guarantee for tariffs:

	December 31	
	2024	2023
Pledged bank deposits (classified as financial assets at amortized cost - current)	\$ -	\$ 300
Freehold land and buildings (classified as property, plant and equipment)	-	336,347
	<u>\$ -</u>	<u>\$ 336,647</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at the end of the reporting period were as follows:

	December 31	
	2024	2023
Acquisition of property, plant and equipment	<u>\$ 5,929</u>	<u>\$ 5,692</u>

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On February 14, 2025, the board of directors resolved that the Company, through its German subsidiary Mutec Instruments GmbH, intends to acquire the assets of the German company DYNA. The purpose of this acquisition is to expand sales channels, strengthen its presence in the European market, enrich its product portfolio, and integrate the industry supply chain. The anticipated transaction price is EUR950,000, with the agreement signed by the end of February 2025 and payment made as stipulated in the contract.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currencies of the Company, and the exchange rates between the foreign currencies and the New Taiwan dollar are disclosed. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2024

	Foreign Currency (Thousand)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,340	32.785 (USD:NTD)	<u>\$ 273,452</u>
RMB	8,267	4.478 (RMB:NTD)	<u>\$ 37,022</u>

(Continued)

	Foreign Currency (Thousand)	Exchange Rate	Carrying Amount
Non-monetary items			
Investments accounted for using the equity method-subidiaries	\$ 16,885	32.785 (USD:NTD)	\$ <u>553,587</u>
	4,349	34.140 (EUR:NTD)	\$ <u>148,474</u>
	16,219,711	0.00230 (IDR:NTD)	\$ <u>32,927</u>

Financial liabilities

Monetary items			
USD	474	32.785 (USD:NTD)	\$ <u>15,542</u>
RMB	1,191	4.478 (RMB:NTD)	\$ <u>94</u>
			(Concluded)

December 31, 2023

	Foreign Currency (Thousand)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 12,382	30.705 (USD:NTD)	\$ <u>380,177</u>
RMB	45,405	4.327 (RMB:NTD)	\$ <u>196,466</u>
Non-monetary items			
Investments accounted for using the equity method-subidiaries	15,806	30.705 (USD:NTD)	\$ <u>485,336</u>
	4,452	33.98 (EUR:NTD)	\$ <u>151,281</u>
	16,245,056	0.00198 (IDR:NTD)	\$ <u>32,069</u>

Financial liabilities

Monetary items			
USD	671	30.705 (USD:NTD)	\$ <u>20,616</u>
RMB	72	4.327 (RMB:NTD)	\$ <u>311</u>

For the years ended December 31, 2024 and 2023, realized and unrealized net foreign exchange gains were \$18,405 thousand and \$3,125 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Company.

36. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (None)

- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 2)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
 - 9) Trading in derivative instruments (None)
- b. Information on investees (Table 4)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 5)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 6)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

TABLE 1

FINETEK CO., LTD. AND INVESTEEES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Number of Shares (In Thousands of Shares)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
FineTek Co., Ltd.	<u>Domestic listed shares</u> Morn Sun Feed Mill Corp.	The Chairman of the entity is the Chairman of the Company	Financial assets at FVTPL - current	1,634	\$ 85,273	3.95	\$ 85,273	-
	Mega Financial Holding Company Limited	None	Financial assets at FVTPL - current	223	8,619	-	8,619	-
	Cathay Financial Holding Co., Ltd.	None	Financial assets at FVTPL - current	27	1,847	-	1,847	-
	Catcher Technology Co., Ltd.	None	Financial assets at FVTPL - current	17	3,298	-	3,298	-
	<u>Foreign investments</u> Corporate bonds - Deutsche Bank	None	Financial assets at amortized cost - current	1	6,541	-	6,502	Note
	Corporate bonds - Société Générale	None	Financial assets at amortized cost - current	1	6,547	-	6,483	Note
	Corporate bonds - AT&T	None	Financial assets at amortized cost - non-current	1	9,784	-	6,941	Note
	<u>Foreign investments</u> Corporate bonds - Deutsche Bank	None	Financial assets at amortized cost - current	1	16,347	-	16,256	Note
	Corporate bonds - AT&T	None	Financial assets at amortized cost - non-current	2	8,271	-	6,290	Note
Tenda Capital Inc	<u>Domestic listed shares</u> Morn Sun Feed Mill Corp.	The Chairman of the entity is the Chairman of the Company	Financial assets at FVTPL - current	307	16,005	0.74	16,005	-
	CTCI Advanced Systems Inc.	None	Financial assets at FVTPL - current	26	4,511	0.09	4,511	-
	Value Valves Co., Ltd.	None	Financial assets at FVTPL - current	49	4,572	0.11	4,572	-
	L&K Engineering Co., Ltd.	None	Financial assets at FVTPL - current	10	2,245	-	2,245	-
	Sumeeko Industries Co., Ltd.	None	Financial assets at FVTPL - current	37	3,278	0.08	3,278	-
	Topkey Corporation	None	Financial assets at FVTPL - current	10	2,045	0.01	2,045	-
	Catcher Technology Co., Ltd.	None	Financial assets at FVTPL - current	10	1,940	-	1,940	-
	<u>Beneficiary certificates</u> SinoPac 4 Year Maturity US Quality Investment Grade Bond Fund	None	Financial assets at FVTPL - current	500	5,182	-	5,182	-
	<u>Foreign investments</u> National debt of the United States	None	Financial assets at amortized cost - non-current	1	5,059	-	4,757	Note

Note: Refer to Note 30 (a) for information relating to the fair value measurement of foreign investments.

TABLE 2

FINETEK CO., LTD. AND INVESTEEES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes Receivable (Payable)/Trade Receivables (Payables)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price (Note 2)	Payment Terms	Ending Balance	% of Total	
FineTek Co., Ltd.	Fine Automation Co., Ltd.	Parent company to subsidiary	(Sale)	\$ (122,864)	(14)	90 days after the month-end closing when invoice is issued	Price set based on cost-plus pricing	Date of advance collection till 150 days after the month-end closing when invoice is issued	\$ 32,108	22	
Fine Automation Co., Ltd.	The Company	Subsidiary to parent company	Purchase	122,864	72	90 days after the month-end closing when invoice is issued	Price set based on cost-plus pricing	30-180 days after the month-end closing when invoice is issued when invoice is issued	(32,108)	(76)	

TABLE 3

FINETEK CO., LTD. AND INVESTEES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
FineTek Co., Ltd.	Aplus Finetek Sensor Inc.	Subsidiary	Other receivables from related parties \$ 101,763	-	\$ -	-	\$ 57,549	\$ -

TABLE 4

FINETEK CO., LTD. AND INVESTEEES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income/(Loss) of the Investee	Share of Profit/(Loss) of Investee	Remark
				December 31, 2024	December 31, 2023	Number of Shares (In Thousands of Shares)	%	Carrying Amount			
The Company	Powerline Corp.	Samoa	Investment activities	\$ 72,578 (US\$ 2,211)	\$ 72,578 (US\$ 2,211)	1,811	100.00	\$ 433,505	\$ 36,566	\$ 36,566	Subsidiary (Note 1)
	Golden Land International Corp.	Samoa	Investment activities	10,176 (US\$ 340)	10,176 (US\$ 340)	340	100.00	85,480	(287)	(287)	Subsidiary (Note 1)
	Gain Access Investments Ltd.	Samoa	Investment activities	38,685 (US\$ 937)	38,685 (US\$ 937)	937	100.00	34,602	1,610	1,610	Subsidiary (Note 1)
	PT. Finetek Automation Indonesia	Indonesia	Manufacturing and selling of transmitters, point switches and electronic terminals	48,335 (US\$ 1,596)	48,335 (US\$ 1,596)	1,725	99.70	32,927	48	48	Subsidiary (Note 1)
	Finetek GmbH	Germany	Sale of transmitters, point switches and electronic terminals	128,655 (US\$ 4,129)	128,655 (US\$ 4,129)	-	100.00	148,474	13,789	13,789	Subsidiary (Note 1)
	Tenda Capital Inc	ROC	Investment	50,000	50,000	5,000	100.00	55,472	5,453	5,453	Subsidiary (Note 1)
	Accurtech Co., Ltd.	ROC	Manufacturing and selling of transmitters, point switches and electronic terminals	10,000	-	1,000	100.00	9,992	(8)	(8)	Subsidiary (Note 1)
Golden Land International Corp.	Aplus Finetek Sensor Inc.	U.S.A.	Sale of transmitters, point switches and electronic terminals	9,995 (US\$ 331)	9,995 (US\$ 331)	500	100.00	85,217	(264)	(264)	Second-tier subsidiary (Note 1)
Powerline Corp.	Faco International Co., Ltd.	British Virgin Islands	Investment activities	59,240 (US\$ 1,811)	59,240 (US\$ 1,811)	1,811	100.00	456,180	36,563	36,563	Second-tier subsidiary (Note 1)
Faco International Co., Ltd.	Finetek Pte., Ltd.	Singapore	Sale of transmitters, point switches and electronic terminals	24,247 (US\$ 745)	24,247 (US\$ 745)	1,672	100.00	12,000	372	372	Third-tier subsidiary (Note 1)
Finetek GmbH	Mutec Instruments GmbH	Germany	Sale of transmitters, point switches and electronic terminals	112,425 (EUR 3,256)	112,425 (EUR 3,256)	-	100.00	139,658	17,427	13,948	Second-tier subsidiary (Note 1)

Note 1: Amounts were recognized based on the audited financial statements.

Note 2: The amounts above are listed in the New Taiwan dollars. Foreign currencies are translated into NTD using the spot exchange rate at the balance sheet date, and the profits/losses are translated into NTD using the average exchange rate in the reporting period.

Note 3: Refer to Table 5 for information relating to investment in mainland China.

TABLE 5

FINETEK CO., LTD. AND INVESTEEES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 4)	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2024 (Notes 3 and 4)	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2024 (Notes 3 and 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2024 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2024 (Note 6)	Note
					Outward	Inward							
Fine Automation Co., Ltd.	Designing, manufacturing and selling of transmitters, point switches and electronic terminals	\$ 70,950 (US\$ 2,230)	Note 1 (b)	\$ 24,372 (US\$ 720)	\$ -	\$ -	\$ 24,372 (US\$ 720)	\$ 34,877	100	\$ 34,877	\$ 415,336	\$ 254,731	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 24,372 (US\$ 720) (Notes 3 and 6)	\$ 70,950 (US\$ 2,230) (Note 4)	\$ 1,178,226 (Note 5)

Note 1: The methods of investment in mainland China are categorized into the following:

- a. Direct investment in mainland China.
- b. Indirect investment in mainland China through companies registered in a third region (Powerline Corp.’s reinvestment in mainland China through investment in Faco International Co., Ltd.).
- c. Other methods.

Note 2: Amount was recognized based on the audited financial statements.

Note 3: The amounts were translated into foreign currencies using the exchange rates prevailing on the remittance dates.

Note 4: Approval letter No. 092044421, 10100385930 and 10300286220. As of December 31, 2024, the original investment amount totaled NT\$70,950 thousand (US\$2,230 thousand), comprising accumulated outward remittances from Taiwan of NT\$24,372 thousand (US\$720 thousand) and capitalization of retained earnings of NT\$46,578 thousand (US\$1,510 thousand).

Note 5: Pursuant to Order No. 09704604680 issued by the FSC, the amount above was calculated based on 60% of the Group’s net equity as of December 31, 2024. (\$1,963,710 thousand × 60% = \$1,178,226 thousand).

Note 6: Not deduct accumulated repatriation of investment income of \$254,731 thousand.

FINETEK CO., LTD. AND INVESTEEES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

- 1. The amounts and percentages of purchases and the balances and percentages of the related payables at the end of the year, and
- 2. The amounts and percentages of sales and the balances and percentages of the related receivables at the end of the year:

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss (Note)
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Fine Automation Co., Ltd.	Sales	\$ 122,864	14	Price set based on cost-plus pricing	90 days after the month-end closing when invoice is issued	Not significantly different from those of sales to third parties	\$ 32,108	22	\$ 21,313
	Purchases	17,417	5	Price set based on regional pricing.	90 days after the month-end closing when invoice is issued	Not significantly different from those of purchases from third parties	(6,262)	10	

- 3. The amount of property transactions and the amount of the resultant gains or losses: None.
- 4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and their purposes: None.
- 5. The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None.
- 6. Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

TABLE 7**FINETEK CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Wu, Kuei-Yong	5,349,999	9.57
UBS Taipei Branch trustee Wu, Ding-Guo trust property account	5,000,000	8.94
Wu, Ding-Guo	4,358,947	7.79
Lin, Mi	4,247,280	7.60
Wu, Shao-Pei	3,335,440	5.96
Yung Yi Chemical Co., Ltd.	3,108,900	5.56
Yida Investment Co., Ltd.	3,043,820	5.44
Wu, Shao-Jyuan	2,944,740	5.26

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

FINETEK CO., LTD.

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STATEMENT 1**FINETEK CO., LTD.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Summary	Amount
Cash on hand		\$ 592
Bank deposits		
Checking accounts		1
Demand deposits		193,620
Foreign currency deposits	Including US\$362 thousand; RMB1,062 thousand; EUR202 thousand, etc.	24,300
Cash equivalents		
Time deposits with original maturities within 3 months		<u>418,000</u>
		<u>\$ 636,513</u>

Note: Amounts were translated into NTD using the exchange rates as follows:

USD/NTD = 32.785.

RMB/NTD = 4.478.

FINETEK CO., LTD.**STATEMENT OF NOTES RECEIVABLE****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Client Name	Summary	Amount
Non-related parties		
Asia Kingdom Machinery Industry Co., Ltd.	Payments	\$ 1,367
Tong-Wu Precision Machinery Co., Ltd.	Payments	788
Jun-Chang Environment Consultant Co., Ltd.	Payments	702
Others (Note)	Payments	<u>10,936</u>
		<u>\$ 13,793</u>

Note: The balance of each individual client included in others does not exceed 5% of the account balance.

FINETEK CO., LTD.**STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Client Name	Summary	Amount
Non-related parties		
King Polytechnic Engineering Co., Ltd.	Payments	\$ 3,683
Others (Note)	Payments	76,179
Less: Allowance for impairment loss		<u>(22)</u>
		<u>\$ 79,840</u>
Related parties		
Fine Automation Co., Ltd.	Payments	\$ 32,108
PT. Finetek Automation Indonesia	Payments	12,003
Aplus Finetek Sensor Inc.	Payments	5,052
Finetek Pte., Ltd.	Payments	5,764
Others (Note)	Payments	<u>848</u>
		<u>\$ 55,775</u>

Note: The balance of each individual client included in others does not exceed 5% of the account balance.

FINETEK CO., LTD.**STATEMENT OF INVENTORIES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value (Note)
Merchandise inventory	\$ 536	\$ 275
Finished goods	117,661	91,015
Work in progress	29,763	29,742
Raw materials	<u>47,892</u>	<u>29,255</u>
	195,852	<u>\$ 150,287</u>
Less: Allowance for inventory write-downs	<u>(45,565)</u>	
	<u>\$ 150,287</u>	

Note: Please refer to Note 4(e).

FINETEK CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT AMORTIZED COST - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name	Summary		Balance, January 1, 2024		Increase in the Current Year		Reclassified in the Current Year		Balance, December 31, 2024		Collateral
	Interest Payment Date	Principal Payment Date	Number of Units	Carrying Amount	Number of Units	Amount	Number of Units	Amount	Number of Units	Carrying Amount	
Current											
Corporate bonds - Deutsche Bank	Annually on April 1 and October 1	April 1, 2025	-	\$ -	-	\$ -	1	\$ 6,541	1	\$ 6,541	Nil
Corporate bonds - Société Générale	Annually on April 14 and October 14	April 14, 2025	-	<u>-</u>	-	<u>-</u>	1	<u>6,547</u>	1	<u>6,547</u>	Nil
				<u>\$ -</u>		<u>\$ -</u>		<u>\$ 13,088</u>		<u>\$ 13,088</u>	
Non-current											
Corporate bonds - Deutsche Bank	Annually on April 1 and October 1	April 1, 2025	1	\$ 6,058	-	\$ 483	(1)	\$ (6,541)	-	\$ -	
Corporate bonds - Société Générale	Annually on April 14 and October 14	April 14, 2025	1	6,096	-	451	(1)	(6,547)	-	-	
Corporate bonds - AT&T	Annually on March 15 and September 15	September 15, 2059	1	<u>9,101</u>	-	<u>683</u>	-	<u>-</u>	1	<u>9,784</u>	Nil
				<u>\$ 21,255</u>		<u>\$ 1,617</u>		<u>\$ (13,088)</u>		<u>\$ 9,784</u>	

Note: The increase in the current year was due to the amortization of discounts and provision for expected credit reversal gain.

FINETEK CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Name	Balance, January 1, 2024		Increase in the Current Year				Share of Profit or Loss of Subsidiaries, Associates and Joint Ventures	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Balance, December 31, 2024			Market Value or Net Asset Value (Note 1)		Collateral
	Number of Shares (In Thousands of Shares)	Amount	Number of Shares (In Thousands of Shares)	Amount	Number of Shares (In Thousands of Shares)	Amount			Number of Shares (In Thousands of Shares)	%	Amount	Unit Price (NT\$)	Total Amount	
Powerline Corp. (Note 2)	1,811	\$ 374,138	-	\$ 24,335	-	\$ (22,922)	\$ 36,566	\$ 21,388	1,811	100.00	\$ 433,505	252	\$ 456,427	Nil
Golden Land International Corp.	340	80,331	-	-	-	-	(287)	5,436	340	100.00	85,480	251	85,480	Nil
Gain Access Investments Ltd.	937	30,867	-	-	-	-	1,610	2,125	937	100.00	34,602	34	34,602	Nil
PT. Finetek Automation Indonesia	1,725	32,069	-	-	-	-	48	810	1,725	99.70	32,927	19	33,927	Nil
Finetek GmbH	-	151,281	-	-	-	(17,305)	13,789	709	-	100.00	148,474	-	148,474	Nil
Tenda Capital Inc	5,000	50,189	-	-	-	(170)	5,453	-	5,000	100.00	55,472	10	55,472	Nil
Accurtech Co., Ltd.	-	-	1,000	10,000	-	-	(8)	-	1,000	100.00	9,992	10	9,992	Nil
		<u>\$ 718,875</u>		<u>\$ 34,335</u>		<u>\$ (40,397)</u>	<u>\$ 57,171</u>	<u>\$ 30,468</u>			<u>\$ 800,452</u>		<u>\$ 824,374</u>	

Note 1: Amount was estimated based on the net asset value of the investee company as of December 31, 2024 as shown on the financial statements which have been audited by the auditor of the parent company for the same periods and adjusted for unrealized gain on intercompany transactions.

Note 2: Powerline Corp. increase in the current year was due to the reversal of the unrealized sales profit of \$24,335 thousand from downstream transactions with its subsidiaries; the decrease in the current year was due to the unrealized sales profit of \$22,922 thousand from downstream transactions with its subsidiaries.

FINETEK CO., LTD.

**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

	Balance at December 31, 2023	Increase in the Current Year	Decrease in the Current Year	Balance at December 31, 2024	Collateral
Transportation	<u>\$ 4,047</u>	<u>\$ 2,022</u>	<u>\$ 230</u>	<u>\$ 5,839</u>	Nil

FINETEK CO., LTD.**STATEMENT OF ACCUMULATED DEPRECIATION CHANGES OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

	Balance at December 31, 2023	Increase in the Current Year	Decrease in the Current Year	Balance at December 31, 2024	Collateral
Transportation	<u>\$ 226</u>	<u>\$ 999</u>	<u>\$ 230</u>	<u>\$ 995</u>	Nil

FINETEK CO., LTD.**STATEMENT OF CONTRACT LIABILITIES - CURRENT****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Vendor Name	Summary	Amount
Non-related parties		
Bunn-O-Matic Corporation	Payments	\$ 1,621
Hugest Holdings Limited	Payments	1,313
COLTENE SciCan Ltd.	Payments	1,012
SV ALTERA	Payments	649
Greatland Electronics Taiwan Ltd.	Payments	581
Others (Note)	Payments	<u>4,509</u>
		<u>\$ 9,685</u>

Note: The balance of each individual vendor included in others does not exceed 5% of the account balance.

FINETEK CO., LTD.**STATEMENT OF NOTES PAYABLE****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Vendor Name	Summary	Amount
Non-related parties		
He-An Technology Ltd.	Payments	\$ 1,180
Tong-Sheng Industrial Ltd.	Payments	794
Ten Chance Ent Co., Ltd.	Payments	369
Yi-Tong Technology Co, Ltd.	Payments	283
Junxuan Industrial Co., Ltd.	Payments	240
Hong-Rih Company	Payments	213
Others (Note)	Payments	<u>706</u>
		<u>\$ 3,785</u>

Note: The balance of each individual vendor included in others does not exceed 5% of the account balance.

FINETEK CO., LTD.**STATEMENT OF TRADE PAYABLES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Related parties	
Fine Automation Co., Ltd.	\$ 6,262
PT. Finetek Automation Indonesia	737
Mutec Instruments GmbH	<u>652</u>
	<u>\$ 7,651</u>
Non-related parties	
Shanghai LEEG Instruments Co., Ltd.	\$ 14,261
Fluo-tech Industrial Co., Ltd.	2,850
Excel Cell Electronic Co., Ltd.	4,671
Chi Jhou Precision Machinery Co., Ltd.	2,905
Others (Note)	<u>25,536</u>
	<u>\$ 50,223</u>

Note: The balance of each individual vendor included in others does not exceed 5% of the account balance.

FINETEK CO., LTD.**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

	Summary	Lease Term	Discount Rates	Balance at December 31, 2024	Collateral
Transportation	Official vehicles	December 2023 - November 2028	1.85%- 1.975%	\$ 4,879	Nil
Less: Due within one year				<u>(1,415)</u>	
				<u>\$ 3,464</u>	

FINETEK CO., LTD.**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Amount
Process automated sensor development	\$ 769,394
Pneumatic control system	42,533
Others (Note)	83,336
Less: Sales returns and allowances	<u>(1,281)</u>
	<u>\$ 893,982</u>

Note: The balance of each individual item included in others does not exceed 5% of the account balance.

FINETEK CO., LTD.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Amount
Merchandise inventory, beginning of year	\$ 496
Additions: Merchandise inventory purchased	136,990
Deductions: Merchandise inventory, end of year	(536)
Transferred to expenses	<u>(5)</u>
Cost of goods purchased (a)	136,945
Raw materials, beginning of year	45,681
Additions: Raw material and supplies purchased	213,244
Deductions: Raw materials and supplies, end of year	(47,892)
Loss on physical finished goods	(1)
Loss on disposal of raw materials and supplies	(295)
Transferred to expenses	<u>998</u>
Cost of raw material and supplies used	211,735
Direct labor	42,130
Manufacturing expense	<u>106,137</u>
Manufacturing cost	360,002
Work in progress, beginning of year	14,677
Deductions: Work in progress, end of year	<u>(29,763)</u>
Cost of finished goods	344,916
Finished goods, beginning of year	115,640
Deductions: Finished goods, end of year	(117,661)
Loss on physical finished goods	(9)
Loss on disposal of finished goods	(5,745)
Transferred to expenses	<u>(2,752)</u>
Cost of goods manufacturing (b)	334,389
Other operating costs (c)	823
Disposal of inventory (d)	6,040
Write-down of inventories (e)	1,749
Loss on physical inventory (f)	<u>10</u>
Operating costs (a) + (b) + (c) + (d) + (e) + (f)	<u>\$ 479,956</u>

FINETEK CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Reversed Gain
Payroll and bonus expense (Note 1)	\$ 44,102	\$ 35,399	\$ 28,910	\$ -
Delivery expense	7,912	10	20	-
Donations	-	2,667	-	-
Professional service fees	-	4,178	4,071	-
Research expenses	-	-	2,580	-
Expected credit loss	-	-	-	(11)
Others (Note 2)	<u>32,576</u>	<u>18,329</u>	<u>17,943</u>	<u>-</u>
	<u>\$ 84,590</u>	<u>\$ 60,583</u>	<u>\$ 53,524</u>	<u>\$ (11)</u>

Note 1: Including pension costs and directors' remuneration.

Note 2: The balance of each individual item included in others does not exceed 5% of the account balance.

FINETEK CO., LTD.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024			2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	\$ 62,884	\$ 92,837	\$ 155,721	\$ 66,564	\$ 86,176	\$ 152,740
Labor and health insurance	7,531	10,020	17,551	7,947	9,683	17,630
Pension	3,005	4,770	7,775	3,124	4,456	7,580
Directors' remuneration	-	10,804	10,804	-	10,795	10,795
Others	<u>6,173</u>	<u>9,575</u>	<u>15,748</u>	<u>5,901</u>	<u>7,443</u>	<u>13,344</u>
	<u>\$ 79,593</u>	<u>\$ 128,006</u>	<u>\$ 207,599</u>	<u>\$ 83,536</u>	<u>\$ 118,553</u>	<u>\$ 202,089</u>
Depreciation expense	<u>\$ 20,048</u>	<u>\$ 7,020</u>	<u>\$ 27,068</u>	<u>\$ 19,252</u>	<u>\$ 5,767</u>	<u>\$ 25,019</u>
Amortization expense	<u>\$ 2,203</u>	<u>\$ 3,993</u>	<u>\$ 6,196</u>	<u>\$ 1,907</u>	<u>\$ 4,144</u>	<u>\$ 6,051</u>

Note 1: For the years ended December 31, 2024 and 2023, the Company had 262 and 265 employees, respectively, of which 5 directors were not concurrently serving as employees, respectively.

- Note 2:
- For the years ended December 31, 2024 and 2023, the average employee benefits expense (excluding directors' remuneration) was \$766 thousand and \$736 thousand, respectively.
 - For the years ended December 31, 2024 and 2023, the average employee's salary and bonus was \$606 thousand and \$587 thousand, respectively.
 - The average employees' salary and bonus increased by 3.24% in 2024 from the previous year.
 - The Company has no supervisor.
 - The Company's policies on the remuneration and salary of directors, managers and employees are as follows:

The Company's policies on the remuneration and salary of directors, managers, and employees are based on the positions and responsibilities, and individual performance and the Company's operating performance, and use of industry standards as reference.

According to the Company's articles of incorporation, if there is any profit in a fiscal year, the Company shall accrue compensation of employees at rates of no less than 3% of earnings, which shall be distributed in shares or cash upon resolution of the board of directors. The distribution will include employees of affiliated companies who meet certain conditions.

With reference to the extent of directors' participation in the Company's operations and the value of their contributions, the board of directors may allocate no higher than 3% of profit as remuneration of directors.