

AUROTEK CORPORATION
PARENT COMPANY ONLY FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2024 AND 2023

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of AUROTEK CORPORATION

Opinion

We have audited the accompanying parent company only balance sheets of AUROTEK CORPORATION (the “Company”) as at December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the 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. Based on our audits and the audit reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2024 parent company only financial statements. 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, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2024 parent company only financial statements are stated as follows:

The appropriateness of accounting estimates for inventory valuation

Description

The accounting policy for inventory valuation is detailed in Note 4(13) of the financial statements. The accounting estimates and assumptions related to inventory valuation uncertainties are disclosed in Note 5, while the description of inventory accounting items is provided in Note 6(5).

AUROTEK CORPORATION is primarily engaged in the manufacturing, processing, and trading of various automation equipment, machinery systems, and components. Due to rapid technological advancements, the Company is exposed to a higher risk of inventory obsolescence and impairment losses. Given the significant inventory balance and the inherent subjectivity involved in its valuation, the estimation of the provision for inventory valuation losses was identified as a key audit matter for the current year.

How our audit addressed the matter

We performed the following procedures for the above key audit matter:

1. Evaluated the consistency of inventory impairment recognition during the financial reporting period and assessed the reasonableness of the applied model and policies.
2. Performed individual testing of obsolete or damaged inventory items with impairment losses and assessed the reasonableness of the net realizable value allocation.
3. Conducted sample testing to verify that the net realizable value of specific inventory items was consistent with the Company's established policies and validated the reasonableness of transaction records.
4. Verified the accuracy of net realizable values, conducted sample testing of the recorded inventory impairment losses, reviewed supporting documentation, and assessed the adequacy of the provision for inventory valuation losses.

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 the 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 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 appropriate audit evidence regarding the financial information of the 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 of the current year 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.

Song-Tse Wang Chun-Yao Lin

for and on behalf of PricewaterhouseCoopers, Taiwan

March 11, 2025

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 and 2023
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Asset	Notes	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current asset						
1100	Cash and cash equivalents	6(1)	\$ 402,615	19	\$ 288,173	16
1110	Financial assets measured at fair value through profit or loss - current	6(2) and 12	305	-	174	-
1136	Financial assets at amortized cost - current	6(1)(3), 8 and 12	775	-	93,615	5
1150	Notes receivable, net	6(4)	8,704	-	12,902	1
1170	Accounts receivable, net	6(4)	522,617	25	156,804	9
1180	Accounts receivable - related parties, net	7	19,897	1	27,255	2
1200	Other receivables		49,654	2	2,401	-
130X	Inventories	6(5)	319,128	15	271,975	15
1410	Prepayments		13,355	1	2,682	-
11XX	Total current assets		1,337,050	63	855,981	48
Non-current assets						
1517	Financial assets measured at fair value through other comprehensive income - non-current	6(6) and 12	119,060	6	227,098	13
1550	Investments under the equity method	6(7)	296,712	14	345,356	19
1600	Property, plant and equipment	6(8) and 8	231,393	11	223,517	13
1755	Right-of-use asset	6(9)	5,313	-	35	-
1760	Investment property, net	6(10) and 8	84,009	4	85,064	5
1840	Deferred income tax assets	6(26)	11,538	1	9,773	1
1990	Other non-current assets -others		28,475	1	26,715	1
15XX	Total non-current assets		776,500	37	917,558	52
1XXX	Total assets		\$ 2,113,550	100	\$ 1,773,539	100

(continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 and 2023
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(11) and 8	\$ 115,000	6	\$ 20,000	1
2130	Contract liabilities - current	6(20)	2,629	-	202	-
2150	Notes payable		-	-	1,051	-
2170	Accounts payable		254,607	12	66,277	4
2180	Accounts payable - related parties	7	14,124	1	23,491	1
2200	Other payables	6(12)	113,064	5	62,153	4
2220	Other payables - related parties	7	-	-	98	-
2230	Current income tax liabilities		39,437	2	24,997	2
2250	Provisions - current	6(13) and 9(1)	7,789	-	6,905	-
2280	Lease liabilities - current		2,357	-	36	-
2399	Other current liabilities -others		2,241	-	2,341	-
21XX	Total current liabilities		<u>551,248</u>	<u>26</u>	<u>207,551</u>	<u>12</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(26)	42,837	2	39,232	2
2580	Lease liabilities –non-current		3,001	-	-	-
2600	Other non-current liabilities	6(14)	5,649	1	5,460	-
25XX	Total non-current liabilities		<u>51,487</u>	<u>3</u>	<u>44,692</u>	<u>2</u>
2XXX	Total liabilities		<u>602,735</u>	<u>29</u>	<u>252,243</u>	<u>14</u>
Equity						
	Share capital	6(16)				
3110	Common stock capital		827,897	39	827,897	47
	Capital surplus	6(17)				
3200	Capital surplus		93,753	4	92,855	5
	Retained earnings	6(18)				
3310	Legal reserve		192,768	9	184,451	10
3320	Special reserve		1,941	-	2,713	-
3350	Unappropriated retained earnings		327,458	15	243,435	14
	Other equity	6(19)				
3400	Other equity		66,998	4	169,945	10
3XXX	Total equity		<u>1,510,815</u>	<u>71</u>	<u>1,521,296</u>	<u>86</u>
	Significant contingent liabilities and unrecognized contractual commitments	9				
	Significant events after the reporting period	11				
3X2X	Total liabilities and equity		<u>\$ 2,113,550</u>	<u>100</u>	<u>\$ 1,773,539</u>	<u>100</u>

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 and 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Item	Notes	2024		2023	
		Amount	%	Amount	%
4000 Operating revenue	6(20) and 7	\$ 1,378,703	100	\$ 704,257	100
5000 Operating cost	6(5)(14)(25) and 7	(974,118)	71	(469,546)	67
5900 Gross operating profit		<u>404,585</u>	<u>29</u>	<u>234,711</u>	<u>33</u>
Operating expenses	6(14)(25)				
6100 Selling expenses		(160,325)	12	(108,870)	15
6200 General and administrative expenses		(102,239)	7	(71,878)	10
6300 Research and development expenses		(31,892)	2	(32,750)	5
6450 Expected credit impairment loss	12	-	-	(217)	-
6000 Total operating expenses		(294,456)	21	(213,715)	30
6900 Operating profit		<u>110,129</u>	<u>8</u>	<u>20,996</u>	<u>3</u>
Non-operating income and expenses					
7100 Interest income	6(3)(21) and 7	18,050	1	13,645	2
7010 Other income	6(22) and 7	33,705	3	27,309	4
7020 Other gains and losses	6(2)(23)	29,180	2	(3,877)	-
7050 Financial costs	6(9)(11)(24)	(1,003)	-	(115)	-
7070 Share of profit of subsidiaries, affiliates and joint ventures under the equity method		<u>17,756</u>	<u>1</u>	<u>23,994</u>	<u>3</u>
7000 Total non-operating income and expenses		<u>97,688</u>	<u>7</u>	<u>60,956</u>	<u>9</u>
7900 Profit before income tax		<u>207,817</u>	<u>15</u>	<u>81,952</u>	<u>12</u>
7950 Income tax expense	6(26)	(32,941)	2	(3,179)	1
8200 Net income for the year		<u>\$ 174,876</u>	<u>13</u>	<u>\$ 78,773</u>	<u>11</u>
Other comprehensive income (net amount)					
Items not reclassified into profit or loss					
8311 Remeasurement of defined benefit plans	6(14)	(\$ 534)	-	\$ 5,502	1
8316 Unrealized valuation gains or (losses) on investments in equity instruments measured at fair value through other comprehensive income	6(6)(19)	(108,038)	8	120,671	17
8349 Income tax related to items not subject to reclassification	6(26)	107	-	(1,100)	-
8310 Total of items not reclassified to profit or loss		(108,465)	8	125,073	18
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translation of financial statements of foreign operations	6(19)	5,366	-	(3,148)	-
8380 Share of other comprehensive income of affiliates and joint ventures under the equity method –items that may be reclassified as income	6(19)	1,207	-	(319)	-
8399 Income tax related to items that may be reclassified	6(19)(26)	(1,295)	-	679	-
8360 Total of items that may be reclassified subsequently to profit or loss		5,278	-	(2,788)	-
8300 Other comprehensive income (loss) for the year		(\$ 103,187)	8	\$ 122,285	18
8500 Total comprehensive income for the year		<u>\$ 71,689</u>	<u>5</u>	<u>\$ 201,058</u>	<u>29</u>
Earnings per share	6(27)				
9750 Basic earnings per share		\$ 2.11		\$ 0.95	
9850 Diluted earnings per share		<u>\$ 2.11</u>	<u>5</u>	<u>\$ 0.95</u>	<u>29</u>

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

AUROTEK CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 and 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Notes	Capital surplus					Retained earnings			Other equity			Total equity	
	Share capital-common stock	Issuance premium	Changes in net equity of affiliated companies and joint ventures under equity method	Capital surplus		Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income			
				- employee stock options	Others								
<u>2023</u>													
Balance at January 1, 2023	\$ 827,897	\$ 87,946	\$ 3,309	\$ -	\$ 1,600	\$ 162,787	\$ 2,713	\$ 330,945	(\$ 12,521)	\$ 64,583	\$ 1,469,259		
Net income for the year	-	-	-	-	-	-	-	78,773	-	-	78,773		
Other comprehensive income in the current year	-	-	-	-	-	-	-	4,402	(2,788)	120,671	122,285		
Total comprehensive income for the year	-	-	-	-	-	-	-	83,175	(2,788)	120,671	201,058		
Earnings appropriation and distribution for 2022	6(18)												
Appropriation of legal reserve	-	-	-	-	-	21,664	-	(21,664)	-	-	-		
Cash dividends	-	-	-	-	-	-	-	(149,021)	-	-	(149,021)		
Balance at December 31, 2023	\$ 827,897	\$ 87,946	\$ 3,309	\$ -	\$ 1,600	\$ 184,451	\$ 2,713	\$ 243,435	(\$ 15,309)	\$ 185,254	\$ 1,521,296		
<u>2024</u>													
Balance at January 1, 2024	\$ 827,897	\$ 87,946	\$ 3,309	\$ -	\$ 1,600	\$ 184,451	\$ 2,713	\$ 243,435	(\$ 15,309)	\$ 185,254	\$ 1,521,296		
Net income for the year	-	-	-	-	-	-	-	174,876	-	-	174,876		
Other comprehensive income in the current year	-	-	-	-	-	-	-	(427)	5,278	(108,038)	(103,187)		
Total comprehensive income for the year	-	-	-	-	-	-	-	174,449	5,278	(108,038)	71,689		
Earnings appropriation and distribution for 2023	6(18)												
Appropriation of legal reserve	-	-	-	-	-	8,317	-	(8,317)	-	-	-		
Cash dividends	-	-	-	-	-	-	-	(82,790)	-	-	(82,790)		
Share-based payment expense	6(15)	-	-	-	898	-	-	-	-	-	-	898	
Disposal of subsidiary	6(19)	-	-	-	-	-	-	(241)	241	(187)	-	(187)	
Disposal of investments accounted for using the equity method	6(19)	-	-	-	-	-	-	(531)	531	-	-	-	
Changes in share of equity of associates accounted for using the equity method	6(19)	-	-	-	-	-	-	(91)	-	-	-	(91)	
Balance at December 31, 2024	\$ 827,897	\$ 87,946	\$ 3,309	\$ 898	\$ 1,600	\$ 192,768	\$ 1,941	\$ 327,458	(\$ 10,218)	\$ 77,216	\$ 1,510,815		

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 and 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2024	2023
<u>Cash flow from operating activities</u>			
Net income before tax for the current year	\$	207,817	\$ 81,952
Adjusted items			
Income/expenses that do not affect cash flow			
Depreciation expense	6(8)(9)(10)(25)	8,194	8,038
Expected credit impairment loss	12	-	217
Amortization of intangible assets		24	-
Share-based payment expense	6(15)	898	-
Net value of financial assets measured at fair value through profit or loss	6(2)(23)	(131) (55)	55)
Gains from the disposal of property, plant and equipment	6(23)	(94) (47)	47)
Gain on lease modification	6(9)	(9)	-
Interest revenue	6(22)	(18,050) (13,645)	13,645)
Dividend income	6(22)	(15,400) (20,426)	20,426)
Interest expense	6(9)(11)(24)	1,004	115
Gain on disposal of investments		(78)	-
Share of profit of subsidiaries, affiliates and joint ventures accounted for using the equity method		(17,756) (23,994)	23,994)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		4,198	3,547
Accounts receivable	(365,813)	74,448	
Accounts receivable - related parties		7,358	30,261
Other receivables		612	3,553
Inventories	(50,687)	2,654	
Prepayments	(10,673)	2,877	
Net changes in liabilities relating to operating activities			
Contract liabilities - current		2,427	102
Notes payable	(1,051)	47	
Accounts payable	(188,330)	13,215)	
Accounts payable - related parties	(9,367)	990	
Other payables	(50,910)	28,263)	
Other payables - related parties	(98)	72	
Provisions - current	(884)	733)	
Other current liabilities	(99) (600)	600)	
Other non-current liabilities	(410) (1,406)	1,406)	
Cash inflow (outflow) generated from operations	(17,060)	106,489	
Interest received		18,050	13,645
Dividends received	6(7)(22)	33,033	23,812
Interest paid	(1,004) (115)	115)	
Income tax paid	(17,849) (47,421)	47,421)	
Net cash flows from operating activities		15,170	96,410

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English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 and 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2024	2023
<u>Cash flow from investing activities</u>			
Proceeds from the disposal of property, plant and equipment		\$ 971	\$ 541
Acquisition of property, plant and equipment	6(8)	(11,611)	(2,735)
Acquisition of intangible assets		(875)	-
Decrease in refundable deposits (listed as other non-current assets - others)		(714)	-
Decrease of other non-current assets -others		(195)	284
Acquisition of investments accounted for using the equity method		(5,550)	-
Proceeds from the disposal of investments accounted for using the equity method		12,869	-
(Increase) decrease in financial assets at amortized cost	4(8)	92,840	(2,130)
Decrease in long-term receivables (listed as other non-current assets - others)		-	19,836
Net cash flows from investing activities		<u>87,735</u>	<u>15,796</u>
<u>Cash flow from financing activities</u>			
Increase in short-term borrowings	6(28)	95,000	20,000
Distribution of cash dividends	6(18)	(82,790)	(149,021)
Lease principal repayment	6(28)	(694)	(137)
Increase in guarantee deposits received	6(28)	208	1,080
Net cash flows from financing activities		<u>11,724</u>	<u>(128,078)</u>
Exchange rate effect		(187)	-
Increase (decrease) in cash and cash equivalents in the current year		114,442	(15,872)
Opening balance of cash and cash equivalents		288,173	304,045
Closing balance of cash and cash equivalents		<u>\$ 402,615</u>	<u>\$ 288,173</u>

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

AUROTEK CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. HISTORY AND ORGANISATION

AUROTEK CORPORATION (the "Company") was incorporated in the Republic of China (R.O.C.). The Company is mainly engaged in the manufacturing, processing, trading of various automation equipment and system components, the manufacturing, processing, trading of various electronic product process equipment and industrial controllers, as well as automatic smoke extraction system engineering, building structure vibration isolation system engineering, and distribution, quotation and procurement of related products from domestic and foreign manufacturers. The Company's shares have been traded at the Taipei Exchange since December 2002, and on the Taiwan Stock Exchange since December 31, 2007.

II. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 11, 2025.

III. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

New, Amended and Revised Standards and Interpretations	Effective date by International Accounting Standards Board
Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback Transaction"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024

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

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

None.

(III) Impacts of IFRSs issued by the International Accounting Standards Board but not yet endorsed by the FSC

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

New, Amended and Revised Standards and Interpretations	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Disclosures—Contracts for Renewable 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 decided by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure of Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries Without Public Accountability: Disclosures"	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the Group has assessed that the above standards and interpretations do not have a significant impact on its financial position and financial performance:

IFRS 18 "Presentation and Disclosure of Financial Statements"

IFRS 18 replaces IAS 1 and updates the structure of the statement of comprehensive income. It also introduces disclosures related to management performance measures and enhances the principles of aggregation and disaggregation applied in the primary financial statements and notes.

IV. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

(I) Statement of Compliance

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

(II) Basis of Preparation

1. Except for the following items, the parent company only financial statements have been prepared using the historical cost convention:
 - (1) Financial assets and financial liabilities measured at fair value through profit or loss (including derivatives).
 - (2) Financial assets measured at fair value through other comprehensive income.
 - (3) Defined benefit liabilities recognized as the net amount of pension fund assets, net of the present value of defined benefit obligations.
2. The preparation of financial statements in compliance with the International Financial Reporting Standards (IFRSs) and Interpretations as endorsed and issued by the FSC requires the use of certain critical accounting estimates. In the process of applying the Company's accounting policies, it also requires management to exercise judgment in assessing items that involve a high degree of judgment or complexity, or that involve significant assumptions and estimates in the parent company only financial statements. Please refer to Note 5 for details.

(III) Foreign Currencies Translation

Items included in the parent company only financial statements are measured in the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional and presentation currency.

1. Foreign currency transactions and balances
 - (1) Transactions denominated in foreign currencies are translated into the functional currency at the spot exchange rate at the transaction date or the measurement date, and any resulting translation differences are recognized in profit or loss for the period.
 - (2) The balance of monetary assets and liabilities denominated in foreign currencies is remeasured at the spot exchange rate on the balance sheet date, and any resulting translation differences are recognized in profit or loss for the period.
 - (3) The balance of non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss (FVTPL) is remeasured at the spot exchange rate on the balance sheet date, and any resulting exchange differences are recognized in other comprehensive income. If not measured at fair value, the item is measured at the historical exchange rate at the transaction date.
 - (4) All foreign exchange gains and losses are recognized under "Other Gains and Losses" in the income statement.
2. Translation of foreign operations
 - (1) The operating results and financial position of all entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. Assets and liabilities for each balance sheet are translated at the closing exchange rate at the balance sheet date;
 - B. Income and expenses for each statement of comprehensive income are translated at the average exchange rates for the period;

C. All resulting exchange differences are recognized in other comprehensive income.

- (2) When the foreign operation that is partially disposed of or sold is an associate, exchange differences recognized in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even if the Company still retains a partial interest in the former foreign associate or loses joint control of the associate, such transactions should be accounted for as a disposal of the entire interest in the foreign operation.
- (3) When the foreign operation that is partially disposed of or sold is a subsidiary, accumulated exchange differences recognized in other comprehensive income are proportionately transferred to the non-controlling interest within the foreign operation. In addition, even if the Company still retains a partial interest in or loses control of the former foreign subsidiary, such transactions should be accounted for as a disposal of the entire interest in the foreign operation.

(IV)Classification of Current and Noncurrent Assets and Liabilities

1. Assets that meet one of the following conditions are classified as current assets; otherwise they are classified as non-current assets:
 - (1) Assets arising from operating activities that are expected to be realized, or intended to be sold or consumed within the normal operating cycle;
 - (2) Assets held primary for trading;
 - (3) Assets that are expected to be realized within 12 months after the balance sheet date;
 - (4) Cash or cash equivalents, excluding restricted cash and cash equivalents, as well as those that are to be exchanged or used for settling liabilities at least 12 months after the balance sheet date.
2. Liabilities that meet one of the following conditions are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (1) Liabilities that are expected to be settled within the normal operating cycle;
 - (2) Liabilities arising primary for trading;
 - (3) Liabilities that are expected to be settled within 12 months after the balance sheet date.
 - (4) Does not have the right to defer the settlement of the liability for at least 12 months after the reporting period.

(V) Cash Equivalents

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

(VI)Financial Assets Measured at Fair Value through Profit or Loss

1. Financial assets measured at fair value through profit or loss are financial assets that do not qualify for measurement at amortized cost or fair value through other comprehensive income.
2. Under the regular way purchase or sale method, financial assets measured at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. At initial recognition, the Company measures financial assets at fair value and recognizes the transaction costs in profit or loss. Subsequently, these financial assets are remeasured at fair value,

with any resulting gains or losses recognized in profit or loss.

4. The Company recognized the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(VII) Financial Assets Measured at Fair Value through Other Comprehensive Income

1. Financial assets measured at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income; or debt instruments that meet both of the following conditions:
 - (1) The financial asset is held within a business model whose objective is to both collect contractual cash flows and sell financial assets;
 - (2) The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.
2. The Company adopts trade date accounting for financial assets measured at fair value through other comprehensive income that meet the criteria of regular way purchases or sales.
3. At initial recognition, the Company measures these financial assets at fair value plus transaction costs. Subsequently, they are measured at fair value:
Changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(VIII) Financial Assets at Amortized Cost

1. Financial assets at amortized cost are those that meet all of the following criteria:
 - (1) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (2) The assets' contractual cash flows represent solely payments of principal and interest.
2. The Company adopts trade date accounting for financial assets measured at amortized cost that meet the criteria of regular way purchases or sales.
3. At initial recognition, the Company measures these financial assets at fair value plus transaction costs. Subsequently, interest income is recognized over the life of the asset using the effective interest method, impairment losses are recognized as necessary, and any gain or loss on derecognition is recognized in profit or loss.
4. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(IX) Accounts and Notes Receivable

1. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

3. The Company's business model for accounts receivable held for sale is to collect contractual cash flows and sell them. They are measured at fair value, with changes recognized in other comprehensive income.

(X) Impairment of Financial Assets

At each reporting date, the Company assesses impairment for financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost, including debt instruments and accounts receivable with a significant financing component. Based on all reasonable and verifiable information, if the credit risk has not significantly increased since initial recognition, the Company recognizes a provision for 12 months expected credit losses (ECLs). If the credit risk has significantly increased, a provision for lifetime ECLs is recognized. For accounts receivable or contract assets without a significant financing component, the Company measures impairment using lifetime ECLs.

(XI) Derecognition of Financial Assets

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

(XII) Lessor's Lease Transactions

Lease income from operating leases, net of any incentives provided to the lessee, is recognized in profit or loss on a straight-line basis over the lease term.

(XIII) Inventories

Inventories are stated at the lower of cost and net realizable value, with cost determined using the weighted average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs, and related production overheads (allocated based on normal operating capacity). Borrowing costs are excluded. The item-by-item approach is applied when determining the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(XIV) Investments Under the Equity Method - Subsidiaries and Associates

1. Subsidiaries are all entities controlled by the Company (including structured entities). The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Unrealized gains or losses on transactions between the Company and subsidiaries have been eliminated. The accounting policies of the subsidiaries are consistent with the policies adopted by the Company.
3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
4. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence if an investor holds, directly or indirectly, 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

5. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognize further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
6. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of the change in equity of the associate in 'capital surplus' in proportion to its ownership.
7. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are consistent with the policies adopted by the Company.
8. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
9. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(XV)Property, Plant and Equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are recognized in profit or loss when incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives (lease allocates its cost over contractual period). Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the asset's residual values and useful lives differ from previous estimates or the patterns of consumption of the asset's future economic

benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The useful lives of each asset are as follows:

Buildings	25 years ~50 years
Machinery equipment	3 years
Office equipment	2 years ~ 3 years
Other equipment	3 years

(XVI) Lessee’s Lease Transactions - Right-of-use assets/Lease liabilities

1. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
3. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (1) The amount of the initial measurement of lease liability; and
 - (2) Any initial direct costs incurred;

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

(XVII) Investment Property

Investment properties are initially recognized at acquisition cost and subsequently measured using the cost model. Except for land, depreciation is provided on a straight-line basis over the estimated useful life of 50 years.

(XVIII) Impairment of Non-Financial Assets

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

(XIX) Borrowings

1. Borrowings refer to long-term and short-term funds obtained from banks. At initial recognition, borrowings are measured at fair value net of transaction costs. Subsequently, they are carried at amortized cost, and any difference between the net proceeds and the redemption value is amortized using the effective interest method and recognized in profit or loss over the borrowing period.
2. Fees paid when establishing a borrowing facility are recognized as transaction costs if it is highly probable that part or all of the facility will be drawn. These costs are deferred and recognized as an adjustment to the effective interest rate upon drawdown. If it is unlikely that part or all of the facility will be drawn, the fees are recognized as a prepaid expense and amortized over the relevant period of the facility.

(XX) Accounts Payable and Notes Payable

1. Accounts payable and notes payable represent obligations arising from credit purchases of raw materials, goods, or services, as well as notes payable related to both operating and non-operating activities.
2. Short-term accounts payable and notes payable that do not bear interest are subsequently measured at their original invoice amount, as the impact of discounting is immaterial.

(XXI) Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

(XXII) Offsetting of Financial Instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXIII) Provisions

Provisions (including warranty liabilities and litigation provisions) are recognized when the Company has a present legal or constructive obligation from past events, an outflow of economic benefits is probable, and the amount can be reliably estimated. Provisions are measured at the best estimate of the settlement amount at the balance sheet date, discounted to present value if the time value of money is material. The discount rate is a pre-tax rate reflecting market assessments of the time value of money and liability-specific risks. The unwinding of the discount is recognized as interest expense. Future operating losses are not recognized as provisions.

(XXIV) Employee Benefits

1. Short-term employee benefits

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

2. Pensions

(1) Defined contribution plan

For the defined contribution plan, the contributions are recognized as pension expense

when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(2) **Defined benefit plan**

- A. The net obligation under a defined benefit plan is the present value of pension benefits that employees have earned for their services with the Company in the current and prior periods, discounted to present value. The liability recognized in the balance sheet for the defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined based on market yields of high-quality corporate bonds that have the same currency and maturity as the defined benefit obligation at the balance sheet date. If a deep market for high-quality corporate bonds is not available, the market yield of government bonds at the balance sheet date is used instead.
- B. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- C. Past service costs are recognized immediately in profit or loss.

3. **Termination Benefits**

Termination benefits are provided when employment is terminated before the normal retirement date or when an employee accepts the Company's offer of benefits in exchange for termination of employment. The Company recognizes expenses at the earlier of when it can no longer withdraw the offer of termination benefits or when the related restructuring costs are recognized. Termination benefits that are not expected to be fully settled within 12 months after the balance sheet date shall be discounted.

4. **Employees' compensation and directors' and supervisors' remuneration**

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

(XXV) Share-based Payment for Employees

Equity-settled share-based payment arrangements are measured at the fair value of the equity instruments granted on the grant date. The cost of employee services received is recognized as compensation expense over the vesting period, with a corresponding increase in equity. The fair value of equity instruments reflects the impact of market-based vesting conditions and non-vesting conditions. The recognized compensation cost is adjusted based on the expected number of awards that will meet service conditions and non-market-based vesting conditions, until the final amount is determined based on the actual number of vested awards at the vesting date.

(XXVI) Income Tax Expense

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

or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The current income tax charge is calculated based on tax laws enacted or substantively enacted at the balance sheet date in the country where operations are conducted and taxable income is generated. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities, and the deferred tax assets and liabilities arise from the same taxable entity under the same tax authority, or from different taxable entities that intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.
6. Deferred tax assets arising from unused income tax credits carried forward from the acquisition of equipment, technology, research, and development expenditures are recognized to the extent that it is probable that future taxable profit will be available to utilize the unused tax credits.

(XXVII) Share Capital

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

(XXVIII) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities, while stock dividends declared are recognized as stock dividends to be distributed and reclassified to ordinary shares on the record date of the new share issuance.

(XXIX) Revenue Recognition

1. Sale of goods

- (1) The Company manufactures and sells various automation equipment and system components. Revenue from sales is recognized when control of the product is transferred to the customer, which occurs when the product is delivered to the customer, the customer has full discretion over the use and benefits of the product, and the Company has no remaining performance obligations that could affect the customer's acceptance of the product. Delivery is deemed to have occurred when the product has been shipped to the specified location, the risks of obsolescence and loss have transferred to the customer, and the customer has either accepted the product in accordance with the sales contract or there is objective evidence that all acceptance criteria have been met.
- (2) The Company provides standard warranties for certain sold products and is obligated to repair product defects. A provision is recognized at the time of sale.
- (3) Accounts receivable are recognized when the goods are delivered to the customer, as the Company has an unconditional right to the contractual consideration at that point, and collection is only subject to the passage of time.

2. Engineering services

- (1) The Company provides installation services for smoke extraction systems and louvre-related solutions. Service revenue is recognized over the financial reporting period in which the services are provided to the customer. For fixed-price contracts, revenue is recognized based on the proportion of services performed to date relative to the total services required under the contract as at the balance sheet date. The percentage of completion is determined based on actual costs incurred relative to the estimated total costs. Customers make payments according to the agreed payment schedule. If the services provided exceed the amount billable to the customer, a contract asset is recognized. Conversely, if the amount billable to the customer exceeds the services provided, a contract liability is recognized.
- (2) The Company revises its estimates of revenue, costs, and completion progress as circumstances change. Any increases or decreases in estimated revenue or costs due to changes in estimates are reflected in profit or loss in the period when the changes become known to management.

(XXX) Government Grants

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

V. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The Company has no critical accounting judgments in applying accounting policies; and the critical accounting estimates and assumptions uncertainty information is addressed below:

Critical Accounting Estimates and Assumptions

Inventory Valuation

As inventories are measured at the lower of cost and net realizable value, the Company must exercise judgment and make estimates to determine the net realizable value of inventories as at the balance sheet date. Due to rapid technological advancements, the Company assesses the amount of inventory subject to normal wear and tear, obsolescence, or lack of marketability as at the balance sheet date and writes down inventory costs to net realizable value when necessary. This inventory valuation is primarily based on estimated product demand over a specific future period, which may result in significant changes.

As at December 31, 2024, the carrying amount of the Company's inventories was \$319,128.

VI. DETAILS OF MATERIAL ACCOUNTS

(I) Cash and Cash Equivalents

	December 31, 2024	December 31, 2023
Cash on hand and revolving funds	\$ 226	\$ 67
Checking accounts and demand deposit	167,805	91,978
Time deposits	234,584	196,128
	<hr/> \$ 402,615	<hr/> \$288,173

1. The Company engages with a variety of financial institutions, all with high credit quality, to mitigate credit risk. As a result, it expects that the probability of counterparty default is minimal.
2. As at December 31, 2024, and 2023, the Company's cash and cash equivalents each amounted to \$775, which are subject to restrictions due to construction performance and borrowings pledged as collateral. Details of the pledged assets are provided in Note 8.
3. As at December 31, 2024, and 2023, the Company's time deposits that do not qualify as cash equivalents amounted to \$775 and \$93,615, respectively, and were presented as "financial assets at amortized cost".

(II) Financial Assets Measured at Fair Value through Profit or Loss

Item	December 31, 2024	December 31, 2023
Current items		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 1,150	\$1,150
Valuation adjustment	(845)	(976)
	<hr/> \$ 305	<hr/> \$ 174

1. Amounts recognized in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	Years Ended December 31	
	2024	2023
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 131	\$ 55

2. The Company has no financial assets measured at fair value through profit or loss pledged to others.
3. For market risk information related to financial assets measured at fair value through profit or loss, please refer to Note 12(2).

(III) Financial Assets at Amortized Cost

Item	December 31, 2024	December 31, 2023
Current items		
Time deposits with original maturity date of more than 3 months	\$ -	\$ 92,840
Pledged time deposits	775	775
	<u><u>\$ 775</u></u>	<u><u>\$ 93,615</u></u>

1. Amounts recognized in profit or loss in relation to financial assets measured at amortized cost are listed below:

	Years Ended December 31	
	2024	2023
Interest income	<u><u>\$ 4,350</u></u>	<u><u>\$ 1,851</u></u>

2. Without considering collateral held or other credit enhancements, the maximum exposure to credit risk for the Company's financial assets measured at amortized cost as at December 31, 2024, and 2023, amounted to \$775 and \$93,615, respectively.
3. For details on financial assets measured at amortized cost pledged as collateral, please refer to Note 8.
4. Please refer to Note 12(2) for credit risk information related to financial assets measured at amortized cost. The Company's counterparties for time deposit investments are financial institutions with high credit quality, and the probability of default is expected to be minimal.

(IV) Notes and Accounts Receivable

	December 31, 2024	December 31, 2023
Notes receivable	<u><u>\$ 8,704</u></u>	<u><u>\$ 12,902</u></u>
Accounts receivable	December 31, 2024	December 31, 2023
Less: Loss Allowance	\$ 526,960	\$ 160,877
	(4,073)	(4,073)
	<u><u>\$ 522,617</u></u>	<u><u>\$ 156,804</u></u>

1. The aging analysis of notes receivable is as follows:

	December 31, 2024	December 31, 2023
Not past due	<u><u>\$ 8,704</u></u>	<u><u>\$ 12,902</u></u>

2. The aging analysis of accounts receivable is as follows:

	December 31, 2024	December 31, 2023
Not past due	\$ 521,321	\$ 149,015
Past due within 90 days	5,197	6,520
Past due over 91 days	172	5,342
	<u><u>\$ 526,690</u></u>	<u><u>\$ 160,877</u></u>

The above aging analysis was based on past due date.

3. As at December 31, 2024 and 2023, accounts receivable and notes receivable were all from contracts with customers. As at January 1, 2023, the balance of receivables from contracts with customers and the loss allowance amounted to \$251,774 and \$3,856, respectively.
4. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum hedge to credit risk in respect of the amount that best represents the Company's notes receivable were \$8,704 and \$12,902, and accounts receivable were \$522,617 and \$156,804, respectively.
5. The Company does not hold any collateral for its accounts receivable.
6. Information related to credit risk is provided in Note 12(2).

(V) Inventories

	December 31, 2024		
	Cost	Allowance for inventory valuation loss	Carrying amount
Raw materials	\$ 74,154	(\$ 14,961)	\$ 59,193
Work in progress	20,852	(4,817)	16,035
Finished goods	50,257	(8,680)	41,577
Merchandise	213,403	(11,080)	202,323
	<u><u>\$ 358,666</u></u>	<u><u>(\$ 39,538)</u></u>	<u><u>\$ 319,128</u></u>

	December 31, 2023		
	Cost	Allowance for inventory valuation loss	Carrying amount
Raw materials	\$ 62,200	(\$ 12,333)	\$ 49,867
Work in progress	19,580	(68)	19,512
Finished goods	24,010	(6,906)	17,104
Merchandise	192,619	(7,202)	185,417
Inventory in transit	75	-	75
	<u><u>\$ 298,484</u></u>	<u><u>(\$ 26,509)</u></u>	<u><u>\$ 271,975</u></u>

The cost of inventories recognized as expense losses for the year:

	Years Ended December 31	
	2024	2023
Cost of goods sold	\$ 929,966	\$ 459,255
Other operating costs	31,123	28,070
Inventory valuation loss (reversal gain)	13,029	(17,779)
	\$ 974,118	\$ 469,546

In 2023, the Company recognized an inventory reversal gain due to the sale of previously valuation-loss recorded inventory.

(VI) Financial Assets Measured at Fair Value through Other Comprehensive Income

Item	December 31, 2024	December 31, 2023
Non-current items		
Equity instruments		
Unlisted stocks	\$ 58,973	\$ 58,973
Valuation adjustment	60,087	168,125
	\$ 119,060	\$ 227,098

1. The Company has elected to classify investments that are considered to be strategic investments as financial assets measured at fair value through other comprehensive income. The fair value of such investments amounted to \$119,060 and \$227,098 as at December 31, 2024 and 2023, respectively.
2. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets measured at fair value through other comprehensive income are listed below:

	Years Ended December 31	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ 108,038)	\$ 120,671

3. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets measured at fair value through other comprehensive income held by the Company were \$119,060 and \$227,098, respectively.
4. The Company has no financial assets measured at fair value through other comprehensive income pledged to others as collateral.
5. Market risk information related to financial assets measured at fair value through other comprehensive income is provided in Note 12(3).

(VII) Investments Under the Equity Method

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiaries:		
TAIWAN OILES INDUSTRY CO., LTD.	\$ -	49,720
AUROTEK INC.	- -	8,113
Aurotek (Shanghai) Inc.	199,662	193,824
Kunshan Yichun Industrial Technology Co., Ltd.	27,778	28,779
Associates:		
PLENTY ISLAND (THAI) CO., LTD.	- -	601
3e Yamaichi Electronics Co., Ltd.	31,294	30,030
KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	37,978	34,289
	<u><u>\$ 296,712</u></u>	<u><u>\$ 345,356</u></u>

	<u>Years Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 345,356	\$ 346,408
Disposal of investments under the equity method (Note1)	(55,197)	- -
Share of profit and loss of investment accounted for using the equity method (Note2)	17,613	5,801
Distribution of earnings from investment accounted for using the equity method	(17,633)	(3,386)
Other changes in equity	6,573	(3,467)
Balance at December 31	<u><u>\$ 296,712</u></u>	<u><u>\$ 345,356</u></u>

Note1: The Company's subsidiary, TAIWAN OILES INDUSTRY CO., LTD., was resolved by the Board of Directors to undergo liquidation on September 30, 2024. The liquidation process is currently underway, and the capital to be recovered is classified under other receivables.

Note2: It includes the unrealized gains from sale and leaseback transactions (presented as other non-current liabilities) arising from the lease of part of Aurotek Kunshan's plant by the Company's subsidiary, Kunshan Yichun Industrial Technology Co., Ltd. These unrealized gains are subsequently amortized over the subsidiary's lease term and recognized as investment income under the equity method. As at December 31, 2024, all such unrealized gains from the sale and leaseback transactions have been fully recognized.

1. Subsidiaries

For information regarding the Company's subsidiaries, please refer to Note 4(3) of the Company's consolidated financial statements for the year ended December 31, 2024.

1. Subsidiaries
2. AUROTEK INC. completed its dissolution and liquidation procedures on May 27, 2024, and the related capital has been recovered.
3. The Company's investee, PLENTY ISLAND (THAI) CO., LTD., completed its liquidation process on September 27, 2024, and the related capital has been recovered.

4. Associates

The Company's associates accounted for using the equity method are all considered individually immaterial. The aggregated share of their operating results is summarized as follows:

As at December 31, 2024 and 2023, the total carrying amount of the Company's individually immaterial associates amounted to \$69,272 and \$64,920, respectively.

	Years Ended December 31	
	2024	2023
Profit from continuing operations	\$ 9,023	\$ 5,314
Other comprehensive income (net of tax)	-	-
Total comprehensive income for the year	<u>\$ 9,023</u>	<u>\$ 5,314</u>

(VIII) Property, Plant and Equipment

	Land	Buildings	Machinery equipment	Office equipment	Other equipment	Total
Balance at January 1, 2024						
Cost	\$ 150,319	\$ 112,079	\$ 8,393	\$ 5,554	\$ 1,185	\$ 277,530
Accumulated depreciation	-	(43,641)	(6,589)	(3,388)	(395)	(54,013)
	<u>\$ 150,319</u>	<u>\$ 68,438</u>	<u>\$ 1,804</u>	<u>\$ 2,166</u>	<u>\$ 790</u>	<u>\$ 223,517</u>
2024						
Balance at January 1	\$ 150,319	\$ 68,438	\$ 1,804	\$ 2,166	\$ 790	\$ 223,517
Additions	-	-	9,115	204	2,292	11,611
Disposals	-	-	(877)	-	-	(877)
Reclassification (Note)	-	-	3,534	-		3,534
Depreciation charge	-	(2,297)	(2,509)	(1,275)	(311)	(6,392)
Balance at December 31	<u>\$ 150,319</u>	<u>\$ 66,141</u>	<u>\$ 11,067</u>	<u>\$ 1,095</u>	<u>\$ 2,771</u>	<u>\$ 231,393</u>
Balance at December 31, 2024						
Cost	\$ 150,319	\$ 112,079	\$ 14,990	\$ 5,759	\$ 3,478	\$ 286,625
Accumulated depreciation	-	(45,938)	(3,923)	(4,664)	(707)	(55,232)
	<u>\$ 150,319</u>	<u>\$ 66,141</u>	<u>\$ 11,067</u>	<u>\$ 1,095</u>	<u>\$ 2,771</u>	<u>\$ 231,393</u>

Note: Primarily due to reclassification from inventories.

	Land	Buildings	Machinery equipment	Office equipment	Other equipment	Total
Balance at January 1, 2023						
Cost	\$ 150,319	\$ 112,079	\$ 23,253	\$ 3,969	\$ 1,101	\$ 290,721
Accumulated depreciation	-	(41,344)	(18,688)	(2,021)	(543)	(62,596)
	<u>\$ 150,319</u>	<u>\$ 70,735</u>	<u>\$ 4,565</u>	<u>\$ 1,948</u>	<u>\$ 558</u>	<u>\$ 228,125</u>
2023						
Balance at January 1	\$ 150,319	\$ 70,735	\$ 4,565	\$ 1,948	\$ 558	\$ 228,125
Additions	-	-	707	1,585	443	2,735
Disposals	-	-	(494)	-	-	(494)
Depreciation charge	-	(2,297)	(2,974)	(1,367)	(211)	(6,849)
Balance at December 31	<u>\$ 150,319</u>	<u>\$ 68,438</u>	<u>\$ 1,804</u>	<u>\$ 2,166</u>	<u>\$ 790</u>	<u>\$ 223,517</u>
Balance at December 31, 2023						
Cost	\$ 150,319	\$ 112,079	\$ 8,393	\$ 5,554	\$ 1,185	\$ 277,530
Accumulated depreciation	-	(43,641)	(6,589)	(3,388)	(395)	(54,013)
	<u>\$ 150,319</u>	<u>\$ 68,438</u>	<u>\$ 1,804</u>	<u>\$ 2,166</u>	<u>\$ 790</u>	<u>\$ 223,517</u>

1. The Company has no interest capitalization.
2. Information on property, plant, and equipment pledged as collateral is provided in Note 8.

(IX) Lessee's Lease Transactions

1. The Company leases various assets including buildings and machinery equipment. Rental contracts typically have a term of 1 to 4 years. Lease terms are negotiated on an individual basis and contain various terms and conditions, with no additional restrictions imposed.
2. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2024	December 31, 2023
	Carrying amount	Carrying amount
Buildings	\$ 3,763	\$ -
Machinery equipment	-	35
Transportation equipment	1,115	-
Production equipment	435	-
	<hr/> <u>\$ 5,313</u>	<hr/> <u>\$ 35</u>

	Years Ended December 31	
	2024	2023
	Depreciation charge	Depreciation charge
Buildings	\$ 470	\$ -
Machinery equipment	35	134
Transportation equipment	155	-
Production equipment	87	-
	<hr/> <u>\$ 747</u>	<hr/> <u>\$ 134</u>

3. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$6,025 and \$0, respectively.
4. Information on profit or loss in relation to lease contracts is as follows:

	Years Ended December 31	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense of lease liabilities	\$ 33	\$ 2
Expense for short-term lease contracts	543	108
Expense for lease of low-value assets	14	41
Gain on lease modification	9	-

5. For the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases were \$1,284 and \$288, respectively.

(X) Investment Property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2024			
Cost	\$ 51,933	\$ 53,782	\$ 105,715
Accumulated depreciation	- (	20,651)	(20,651)
	<u>\$ 51,933</u>	<u>\$ 33,131</u>	<u>\$ 85,064</u>
<u>2024</u>			
Balance at January 1	\$ 51,933	\$ 33,131	\$ 85,064
Depreciation charge	- (	1,055)	(1,055)
Balance at December 31	<u>\$ 51,933</u>	<u>\$ 32,076</u>	<u>\$ 84,009</u>
Balance at December 31, 2024			
Cost	\$ 51,933	\$ 53,782	\$ 105,715
Accumulated depreciation	- (	21,706)	(21,706)
	<u>\$ 51,933</u>	<u>\$ 32,076</u>	<u>\$ 84,009</u>
<u>2023</u>			
Balance at January 1	\$ 51,933	\$ 34,186	\$ 86,119
Depreciation charge	- (	1,055)	(1,055)
Balance at December 31	<u>\$ 51,933</u>	<u>\$ 33,131</u>	<u>\$ 85,064</u>
Balance at December 31, 2023			
Cost	\$ 51,933	\$ 53,782	\$ 105,715
Accumulated depreciation	- (	20,651)	(20,651)
	<u>\$ 51,933</u>	<u>\$ 33,131</u>	<u>\$ 85,064</u>

1. Rental income and direct operating expenses from investment property:

	Years Ended December 31	
	2024	2023
Rent income from investment property	\$ 5,157	\$ 5,002
Direct operating expenses incurred for investment property that generated rental income during the year	<u>\$ 1,055</u>	<u>\$ 1,055</u>

2. The fair value of the Company's investment property as at December 31, 2024 and 2023 amounted to \$215,258 and \$177,761, respectively. The valuation was primarily based on the government-assessed land value and the market transaction prices of comparable properties in the surrounding areas.
3. The aforementioned investment property comprises two leased properties located on Zhouzi Street, Neihu District. The respective lease periods are: from January 15, 2019 to March 31, 2024; from April 1, 2024 to March 31, 2029; from August 1, 2022 to July 31, 2024; and from August 1, 2024 to July 31, 2026.
4. Information on investment property pledged as collateral is provided in Note 8.

(XI) Short-term Borrowings

Type of borrowings	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured loans	\$ 115,000	0.5%~1.875%	None
Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured loans	\$ 20,000	1.70%	None

1. For the years ended December 31, 2024 and 2023, interest expense recognized in profit or loss amounted to \$971 and \$113, respectively.

2. Information on collateral arrangements is provided in Note 8.

(XII) Other Payables

	December 31, 2024	December 31, 2023
Salary and bonus payable	\$ 62,402	\$ 27,642
Employees' and directors' compensation payable	18,071	7,126
Commission payable	3,993	6,242
Other expenses payable	25,583	18,366
Others	3,015	2,777
	<u>\$ 113,064</u>	<u>\$ 62,153</u>

(XIII) Provisions

	Years Ended December 31	
	2024	2023
Balance at January 1	\$ 6,905	\$ 7,638
Provisions increased in the period	3,976	3,510
Provisions used in the period	(3,092)	(4,243)
Balance at December 31	<u>\$ 7,789</u>	<u>\$ 6,905</u>

The Company's provision for warranty liabilities is primarily related to the sale of self-manufactured products and is estimated based on historical warranty data for these products.

(XIV) Pensions

1. (1) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(2) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	(\$ 31,174)	(\$ 29,416)
Fair value of plan assets	<u>27,621</u>	<u>25,988</u>
Net defined benefit liabilities (shown as "Other non-current liabilities")	<u>(\$ 3,553)</u>	<u>(\$ 3,428)</u>

(3) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Year ended December 31, 2024			
Balance at January 1	(\$ 29,416)	\$ 25,988	(\$ 3,428)
Interest (expense) income	(353)	312	(41)
	<u>(29,769)</u>	<u>26,300</u>	<u>(3,469)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,275	2,275
Change in financial assumptions	785	-	785
Experience adjustments	(3,594)	- (3,594)	(534)
	<u>(2,809)</u>	<u>2,275</u> (<u>534</u>)	<u>450</u>
Pension fund contribution	-	450	450
Paid pension	1,404	(1,404)	-
Balance at December 31	<u>(\$ 31,174)</u>	<u>\$ 27,621</u>	<u>(\$ 3,553)</u>

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Year ended December 31,2023			
Balance at January 1	(\$ 34,321)	\$ 25,084	(\$ 9,237)
Interest (expense) income	(446)	326	(120)
	<u>(34,767)</u>	<u>25,410</u>	<u>(9,357)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	151	151
Change in financial assumptions	(214)	-	(214)
Experience adjustments	5,565	-	5,565
	<u>5,351</u>	<u>151</u>	<u>5,502</u>
Pension fund contribution	-	427	427
Paid pension	-	-	-
Balance at December 31	<u>(\$ 29,416)</u>	<u>\$ 25,988</u>	<u>(\$ 3,428)</u>

(4) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as at December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The principal actuarial assumptions used were as follows:

	<u>Years Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Discount rate	1.60%	1.20%
Future salary increases rate	2.25%	2.25%
The assumption regarding future mortality is based on the 6th Taiwan Life Insurance Experience Mortality Table.		

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2024				
Effect on the present value of defined benefit obligation	(\$ 473)	\$ 486	\$ 405	(\$ 396)
December 31, 2023				
Effect on the present value of defined benefit obligation	(\$ 529)	\$ 545	\$ 465	(\$ 454)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The method and assumptions used in the sensitivity analysis for the current period are consistent with those used in the prior period.

- (6) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2025 amount to \$412.
- (7) As at December 31, 2024, the weighted average duration of the retirement plan is 7 years.
- 2. (1) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in a lump sum upon termination of employment.
- (2) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2024 and 2023 were \$6,941 and \$5,879, respectively.

(XV) Share-based Payment

1. For the year ended December 31, 2024, the Company's share-based payment arrangements are as follows:

Type of arrangement	Grant date	Number of grants	Contract period	Vesting conditions
Employee Stock Options Plan	2024.12.09	1,860,000	5 years	Note1

Note1: The option holders may exercise 40% of the stock options granted after two years from the grant date, 60% cumulatively after three years, and 100% cumulatively after four years.

The Company's share-based payment arrangements are all equity-settled.

2. Details of the above share-based payment arrangement is as follows:

	Year ended December 31, 2024	
	Stock options Quantity (shares in thousands)	Weighted average exercise price (in dollars)
Balance of outstanding stock options at January 1	-	\$ -
Stock options granted during the year	1,860	57.10
Stock options forfeited during the year	(15)	57.10
Balance of outstanding stock options at December 31	<u>1,845</u>	<u>57.10</u>
Exercisable stock options at December 31	<u>-</u>	<u>-</u>

3. No stock options were granted in 2024.

4. Expiry date and exercise price of outstanding stock options as at the balance sheet date are as follows:

Type of arrangement	Grant date	Expiry Date	Shares (in thousands)	Exercise price (in dollars)	2024.12.31
Employee Stock Option Plan	2024.12.09	2029.12.08	1,845	\$ 57.10	

5. The Company used the Black-Scholes option pricing model to estimate the fair value of stock options granted. The relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected volatility (%) (Note)	Expected life (year)	Expected divided yield(%)	Risk-free interest rate(%)	Fair value per unit (in dollars)
Employee Stock Options Plan	2024.12.09	57.10	57.10	46.16	4	-	1.46	21.34

Note: The expected volatility is estimated based on the standard deviation of stock returns over the most recent period equivalent to the expected life of the stock options, using stock prices within that sample period.

6. The total share-based payment expense recognized by the Company for the year ended December 31, 2024, amounted to \$898.

(XVI) Share Capital

1. As at December 31, 2024, the Company's authorized capital was \$1,500,000, divided into 150,000 thousand shares, including 10,000 thousand shares reserved for employee stock options. The paid-in capital of \$827,897, with a par value of \$10 per share. All issued shares have been fully paid.
2. The number of outstanding common shares at the beginning and end of the year was 82,790 thousand shares.

(XVII) Capital Surplus

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

(XVIII) Retained Earnings

1. If the Company generates earnings in the annual final accounting, it shall first pay taxes in accordance with the law, offset accumulated deficits, and then allocate 10% of the earnings as a legal reserve. However, if the legal reserve has reached the Company's paid-in capital, no further appropriation shall be made. Any remaining amount shall be allocated or reversed as a special reserve in accordance with applicable laws and regulations. The remaining earnings, if any, shall be retained or distributed together with undistributed earnings from previous years. The Board of Directors shall propose an earnings distribution plan and submit it to the shareholders' meeting for approval.
2. The Company's dividend policy is as follows: To support current and future development plans while considering the investment environment, capital requirements, and shareholders' interests, the Company shall allocate no less than 10% of distributable earnings as dividends to shareholders each year. Dividends may be distributed in cash or shares, with cash dividends comprising at least 20% of the total dividends.
3. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

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

(2) As at December 31, 2024 and 2023, the special reserve amounted to \$1,940 and \$2,713, respectively. This is the first time that the Company has adopted IFRSs to recognize that the cumulative translation difference generated by the foreign operation is zero, and to recognize an adjustment and the special reserve in the same amount. When the Company uses, disposes or reclassifies the relevant assets later, the proportion of the original special reserve may be reversed for distribution earnings.

5. The appropriations of 2023 and 2022 earnings had been approved by the shareholders during their meeting on June 18, 2024 and June 9, 2023, respectively. Details are summarized below:

	Years Ended December 31		Dividend per share (in dollars)	
	2023			
	Amount	Dividend per share (in dollars)		
Legal reserve appropriated	\$ 8,317		\$ 21,664	
Cash dividends	\$ 82,790	\$ 1.00	\$ 149,021	
	<u>\$ 91,107</u>		<u>\$ 170,685</u>	

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

6. The appropriations of 2024 earnings had been proposed by the Board of Directors on March 11, 2025. Details are summarized below:

	Year Ended December 31, 2024	
	Amount	Dividend per share (in dollars)
Legal reserve appropriated	\$ 17,445	
Cash dividends	\$ 124,185	\$ 1.50
	<u>\$ 141,630</u>	

(1) Information on employees' and director' compensation is provided in Note 6(24).

(2) The aforementioned appropriation of 2024 earnings has not yet been approved by the stockholders.

(XIX) Other Equity Items

	Year Ended December 31, 2024		
	Unrealized valuation gains (losses)	Exchange Differences	Total
Balance at January 1	\$ 185,254	(\$ 15,309)	\$ 169,945
Valuation adjustments	(108,038)	-	(108,038)
- Group	-	5,366	5,366
- Tax impact on Group	-	(1,073)	(1,073)
- Associates	-	1,207	1,207
- Tax impact on Associates	-	(222)	(222)
- Impact of Disposal of Equity Method Investments	-	(2,391)	(2,391)
- Impact of Disposal of Subsidiary's Shareholder Equity	-	2,204	2,204
Balance at December 31	\$ 77,216	(\$ 10,218)	\$ 66,998

	Year Ended December 31, 2023		
	Unrealized valuation gains (losses)	Exchange Differences	Total
Balance at January 1	\$ 64,583	(\$ 12,521)	\$ 52,062
Valuation adjustments	120,671	-	120,671
- Group	-	(3,148)	(3,148)
- Tax impact on Group	-	629	629
- Associates	-	(319)	(319)
- Tax impact on Associates	-	50	50
Balance at December 31	\$ 185,254	(\$ 15,309)	\$ 169,945

(XX) Operating Revenue

1. Disaggregation of revenue from contracts with customers

The Company recognizes revenue from the transfer of goods and services either over time or at a point in time, which is disaggregated into the following major product lines and geographic regions:

Year Ended December 31, 2024												
Revenue	Automation components			Automation equipment				Energy conservation and safety		Others		
	Mainland			Mainland								
	Taiwan	China	Others	Taiwan	China	Japan	Others	Taiwan	Taiwan	Others		Total
Revenue	\$ 743,587	\$ 14,502	\$ -	\$ 318,239	\$ 28,728	\$ 18,984	\$ 161,298	\$ 50,574	\$ 16,782	\$ 26,009		\$1,378,703
Timing of revenue recognition												
At a point in time	\$ 743,587	\$ 14,502	\$ -	\$ 318,239	\$ 28,728	\$ 18,984	\$ 161,298	\$ 50,574	\$ 16,782	\$ 26,009		\$1,378,703

Year Ended December 31, 2023												
Revenue	Automation components			Automation equipment				Energy conservation and safety		Others		
	Mainland			Mainland								
	Taiwan	China	Japan	Taiwan	China	Japan	Others	Taiwan	Taiwan	Others		Total
Revenue	\$ 331,153	\$ 13,949	\$ 386	\$ 47,210	\$ 77,770	\$ 38,148	\$ 136,110	\$ 48,587	\$ 10,944	\$ -		\$ 704,257
Timing of revenue recognition												
At a point in time	\$ 331,153	\$ 13,949	\$ 386	\$ 47,210	\$ 77,770	\$ 38,148	\$ 136,110	\$ 48,587	\$ 10,944	\$ -		\$ 704,257

2. Contract liabilities

(1) The contractual liabilities related to the customer contract revenue recognized by the Company are as follows:

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities:			
Advance sales receipts	\$ 2,629	\$ 202	\$ 100

(2) Revenue recognized that was included in the contract liability balance at the beginning of the year

	Years Ended December 31	
	2024	2023
<u>Revenue recognized that was included in the contract liability balance at the beginning of the year</u>		
Advance sales receipts	\$ 202	\$ 100

(XXI) Interest Income

	Years Ended December 31	
	2024	2023
Interest income from bank deposits	\$ 13,700	\$ 11,794
Interest income from financial assets measured at amortized cost	4,350	1,851
	<u>\$ 18,050</u>	<u>\$ 13,645</u>

Note: Information is provided in Note 7(2).

(XXII) Other Income

	Years Ended December 31	
	2024	2023
Rental income	\$ 5,230	\$ 5,105
Dividend income	15,400	20,426
Others	13,075	1,778
	<u>\$ 33,705</u>	<u>\$ 27,309</u>

(XXIII) Other Gains and Losses

	Years Ended December 31	
	2024	2023
Gain (loss) on financial assets measured at fair value through profit or loss	\$ 131	\$ 55
Net foreign currency gain (loss)	28,868	(3,979)
Gain on disposal of investments	78	-
Gain on lease modification	9	-
Gains on disposal of property, plant and equipment	94	47
	<u>\$ 29,180</u>	<u>(\$ 3,877)</u>

(XXIV) Financial Costs

	Years Ended December 31	
	2024	2023
Interest expense:		
Interest expense of bank borrowings	\$ 971	\$ 113
Interest expense of lease liabilities	33	2
	<u>\$ 1,004</u>	<u>\$ 115</u>

(XXV) Employee Benefit Expense and Depreciation Charges

1. Employee benefit expense and depreciation charges

(1) Details are as follows:

by function by nature	Year Ended December 31, 2024		
	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee benefit expense			
Salary expenses	\$ 11,898	\$ 175,225	\$ 187,123
Share-based Payment	26	872	898
Labor and health expenses	959	12,382	13,341
Pension expense	434	6,548	6,982
Directors' remuneration	-	6,915	6,915
Others	536	5,669	6,205
Depreciation charges	445	7,773	8,218

by function by nature	Year Ended December 31, 2023		
	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee benefit expense			
Salary expenses	\$ 6,094	\$ 118,038	\$ 124,132
Labor and health expenses	738	11,670	12,408
Pension expense	304	5,695	5,999
Directors' remuneration	-	2,960	2,960
Others	337	4,999	5,336
Depreciation expense	162	7,876	8,038

(2) The number of employees for the years ended December 31, 2024 and 2023 was 170 and 153, respectively, including 4 directors who are not concurrently serving as employees.

(3) Additional disclosures for listed or OTC-traded companies:

- The average employee benefit expense for the years ended December 31, 2024 and 2023 were \$1,292 and \$992, respectively.
- The average employee salary expense for the years ended December 31, 2024 and 2023 were \$1,127 and \$833, respectively.

- C. The change in average employee salary expenses was 35.29%.
- D. The Company's compensation policy is established based on future economic conditions, management performance, achievement rates, and contributions. It aims to prevent directors (including independent directors), managers, and employees from engaging in excessive risk-taking behavior to pursue higher remuneration.
 - (A) Directors' (Including Independent Directors) remuneration: This includes directors' compensation and travel allowances for attending board and functional committee meetings. The compensation is determined based on the Company's operational performance and industry benchmarks. The proposal is reviewed by the Compensation Committee and submitted to the Board of Directors for approval.
 - (B) Managerial compensation: Managerial compensation includes fixed salaries, bonuses, allowances, incentives, and subsidies. It is assessed based on job responsibilities, operational performance, professional conduct, and future risk factors. Compensation standards, structure, and policies are periodically reviewed and adjusted based on actual business conditions and legal requirements. The Compensation Committee regularly evaluates managerial remuneration and submits recommendations to the Board of Directors for discussion.
 - (C) Employee compensation: Employee compensation consists of base salary, allowances, meal subsidies, bonuses, and welfare benefits. Salary standards are determined based on market benchmarks, job responsibilities, and competency levels. Bonus distribution is aligned with performance evaluations and contributions, ensuring timely and effective incentives to motivate employees.

2. Employees' compensation and directors' and supervisors' remuneration

- (1) According to the Company's Articles of Incorporation, if the Company generates profits for the year, after covering accumulated deficits, it shall allocate no less than 5% of the profits as employees' compensation and no more than 5% as directors' remuneration.
- (2) For the years ended December 31, 2024 and 2023, employees' compensation was accrued at \$11,294 and \$4,454, respectively; while directors' remuneration was accrued at \$6,777 and \$2,672, respectively. The aforementioned amounts were recognized as salary expenses.
For the year ended December 31, 2024, employees' compensation and directors' remuneration were estimated at 5% and 3% of the current year's distributable profit, respectively, in accordance with the Company's Articles of Incorporation. The employees' compensation and directors' remuneration for 2023, as resolved by the Board of Directors, were consistent with the amounts recognized in the 2023 financial statements.
Information regarding the employees' compensation and directors' remuneration approved by the Board of Directors is available on the "Market Observation Post System" on the Taiwan Stock Exchange website.

(XXVI) Income Tax Expense

1. Income tax expense

(1) Components of income tax expense:

	Years Ended December 31	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ 33,644	\$ 10,451
Tax on undistributed surplus earnings	-	2,297
Prior year income tax overestimation	(1,355)	(11,651)
Total current tax	<u>32,289</u>	1,097
Deferred tax:		
Origination and reversal of temporary differences	652	2,082
Income tax expense	<u>\$ 32,941</u>	<u>\$ 3,179</u>

(2) The income tax relating to other comprehensive income:

	Years Ended December 31	
	2024	2023
Currency translation differences	(\$ 1,073)	\$ 629
Share of other comprehensive income of associates	(222)	50
Remeasurement of defined benefit obligations	107	(1,100)
	<u>(\$ 1,188)</u>	<u>(\$ 421)</u>

2. Reconciliation between income tax expense and accounting profit:

	Years Ended December 31	
	2024	2023
Income tax based on net profit before tax and statutory tax rate (Note)	\$ 41,563	\$ 16,390
Effects from items adjusted in accordance with tax regulations	(7,919)	(5,939)
Changes in the assessment of the realizability of deferred tax assets	652	2,082
Tax on undistributed surplus earnings	-	2,297
Prior year income tax overestimation	(1,355)	(11,651)
Income tax expense	<u>\$ 32,941</u>	<u>\$ 3,179</u>

Note: The applicable tax rate is determined based on the tax rate prescribed by the R.O.C. Income Tax Law.

3. Amounts of deferred tax assets or liabilities as a result of temporary difference as follows:

	Year Ended December 31, 2024			
	January 1	Recognized in in profit or loss	other comprehensive income	December 31
- Deferred tax assets:				
Temporary differences:				
Unrealized loss on inventory valuation	\$ 5,302	\$ 2,606	\$ -	\$ 7,908
Pension liability	686	(82)	107	711
Unrealized exchange losses	580	(580)	-	-
Expected credit loss	467	(723)	-	(256)
Others	2,738	437	-	3,175
Subtotal	<u>9,773</u>	<u>1,658</u>	<u>107</u>	<u>11,538</u>
- Deferred tax liabilities:				
Temporary difference:				
Currency translation differences	(1,033)	-	(1,295)	(2,328)
Unrealized exchange gains	-	(3,188)	-	(3,188)
Share of profit from equity- accounted investees	(38,199)	878	-	(37,321)
Subtotal	<u>(39,232)</u>	<u>(2,310)</u>	<u>(1,295)</u>	<u>(42,837)</u>
Total	<u><u>(\$ 29,459)</u></u>	<u><u>(\$ 652)</u></u>	<u><u>(\$ 1,188)</u></u>	<u><u>(\$ 31,299)</u></u>
	Year Ended December 31, 2023			
	January 1	Recognized in in profit or loss	other comprehensive income	December 31
- Deferred tax assets:				
Temporary differences:				
Unrealized loss on inventory valuation	\$ 8,858	(\$ 3,556)	\$ -	\$ 5,302
Pension liability	1,848	(62)	(1,100)	686
Unrealized exchange losses	-	580	-	580
Expected credit loss	153	314	-	467
Others	2,799	(61)	-	2,738
Subtotal	<u>13,658</u>	<u>(2,785)</u>	<u>(1,100)</u>	<u>9,773</u>
- Deferred tax liabilities:				
Temporary difference:				
Currency translation differences	(1,712)	-	679	(1,033)
Unrealized exchange gains	(1,106)	1,106	-	-
Share of profit from equity- accounted investees	(37,796)	(403)	-	(38,199)
Subtotal	<u>(40,614)</u>	<u>703</u>	<u>679</u>	<u>(39,232)</u>
Total	<u><u>(\$ 26,956)</u></u>	<u><u>(\$ 2,082)</u></u>	<u><u>(\$ 421)</u></u>	<u><u>(\$ 29,459)</u></u>

4. The Company's corporate income tax returns have been assessed and approved by the tax authorities through the year 2022, except for the year 2021.

(XXVII) Earnings Per Share

	Year Ended December 31, 2024		
	Amount after-tax	Weighted average number of outstanding shares (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	\$ 174,876	82,790	\$ 2.11
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee's compensation		-	186
Employee stock options		-	55
Profit plus assumed conversion of all dilutive potential ordinary shares	\$ 174,876	83,031	\$ 2.11
	Year Ended December 31, 2023		
	Amount after-tax	Weighted average number of outstanding shares (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	\$ 78,773	82,790	\$ 0.95
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee's compensation		-	341
Profit plus assumed conversion of all dilutive potential ordinary shares	\$ 78,773	83,131	\$ 0.95

(XXVIII) Changes in Liabilities from Financing Activities

	Short-term borrowings	lease liabilities	Guarantee deposits paid (Note)	Liabilities from financing activities-gross	
Balance at January 1, 2024	\$ 20,000	\$ 36	\$ 1,888	\$ 21,924	
Changes in financing cash flow	95,000	(694)	208	94,514	
Other non-cash changes		-	6,016	6,016	
Balance at December 31, 2024	\$ 115,000	\$ 5,358	\$ 2,096	\$ 122,454	
	Short-term borrowings	Long-term borrowings	lease liabilities	Guarantee deposits paid (Note)	
Balance at January 1, 2023	\$ -	\$ -	\$ 173	\$ 808	\$ 981
Changes in financing cash flow	20,000		(137)	1,080	20,943
Balance at December 31, 2023	\$ 20,000	\$ -	\$ 36	\$ 1,888	\$ 21,924

Note: Listed as "Other non-current liabilities."

VII. RELATED PARTY TRANSACTIONS

(I) Names and Relationship of Related Parties

Name and relationship of related party	Relationship with the Company
TAIWAN OILES INDUSTRY CO., LTD. (TAIWAN OILES)	Subsidiary
Aurotek (Shanghai) Inc. (Aurotek Shanghai)	Subsidiary

(II) Significant Transactions and Balances with Related Parties

1. Operating revenue

	Years Ended December 31	
	2024	2023
Sale of goods: Subsidiaries	\$ 28,296	\$ 62,575

The Company's sales and payment terms with related parties follow the agreed collection terms when both parties engage in purchase and sales transactions. The credit policy for related parties is approximately 180 days from the end of the month, while the credit policy for general customers ranges from 90 to 180 days from the end of the month.

2. Purchase

	Years Ended December 31	
	2024	2023
Purchase of goods: Subsidiaries	\$ 49,255	\$ 52,279
Purchase of services: Subsidiaries	15,458	15,846
	\$ 64,713	\$ 68,125

The purchase prices from related parties are determined with reference to market prices. The payment terms for related parties are approximately 180 days from the end of the month, while the payment terms for general suppliers range from 90 to 180 days from the end of the month.

3. Receivables from related parties

Accounts receivable:

	December 31, 2024	December 31, 2023
Aurotek Shanghai	\$ 10,217	\$ 20,827
Subsidiaries	9,680	6,428
	\$ 19,897	\$ 27,255

4. Payables to related parties

Accounts payable:

TAIWAN OILES
Subsidiaries

	December 31, 2024	December 31, 2023
\$	- \$ 20,046	
14,124		3,445
<u><u>\$ 14,124</u></u>	<u><u>\$ 23,491</u></u>	

Other payables:

TAIWAN OILES (Note 1)
Note 1: Maintenance cost.

	December 31, 2024	December 31, 2023
\$	- \$ 98	

5. Other income

The Company's consulting service income for TAIWAN OILES amounted to \$0 and \$682 for the years ended December 31, 2024 and 2023, respectively.

(III) Key Management Compensation

	Years Ended December 31	
	2024	2023
Salaries and other short-term employee benefits	\$ 37,178	\$ 21,532
Post-employment benefits	746	531
Share-based Payment	413	-
	<u><u>\$ 38,337</u></u>	<u><u>\$ 22,063</u></u>

VIII. PLEDGED ASSETS

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

Pledged assets	Book value		Pledge purpose
	December 31, 2024	December 31, 2023	
Time deposits	\$ 775	\$ 775	performance
(Shown as financial assets at amortized cost)			guarantee deposit for construction contracts
Property, plant and equipment	205,949	207,978	short-term borrowings
Investment property	84,009	85,064	facility limit
	<u><u>\$ 290,733</u></u>	<u><u>\$ 293,817</u></u>	

IX. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT
COMMITMENTS

(I) Contingencies

None.

(II) Commitments

- As at December 31, 2024 and 2023, the Company issued guarantee notes for performance guarantee deposits under construction contracts amounting to \$9,160 and \$10,790, respectively.
- As at December 31, 2024 and 2023, the guarantee letters issued by banks for the Company's customs duty deposits amounted to \$1,500 and \$1,000, respectively.

X. SIGNIFICANT DISASTER LOSS

None.

XI. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For the earnings distribution proposal for the year 2024, please refer to Note 6(18)6.

XII. OTHERS

(I) Capital Risk Management

The Company's capital management objectives are to ensure business continuity, maintain an optimal capital structure to minimize the cost of capital, and maximize shareholder returns. To maintain or adjust its capital structure, the Company may modify dividend distributions, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(II) Financial Instruments

1. Financial instruments by category

	December 31, 2024	December 31, 2023
Financial assets		
Financial assets measured at fair value through profit or loss	\$ 305	\$ 174
Financial assets mandatorily measured at fair value through profit or loss	<u>305</u>	<u>174</u>
Financial assets measured at fair value through other comprehensive income	<u>305</u>	<u>174</u>
Equity instruments designated at fair value through other comprehensive income	\$ 119,060	\$ 227,098
Financial assets at amortized cost - current		
Cash and cash equivalents	\$ 402,615	\$ 288,173
Financial assets at amortized cost	775	93,615
Notes receivable	8,704	12,902
Accounts receivable (including related parties)	542,514	184,059
Other receivables	49,654	2,401
Refundable deposits paid (listed as other non-current assets)	839	125
	<u>1,005,101</u>	<u>581,275</u>
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 115,000	\$ 20,000
Notes payable	-	1,051
Accounts payable (including related parties)	268,731	89,768
Other payables (including related parties)	113,064	62,251
Guarantee deposits received (listed as other non-current liabilities)	2,096	1,888
	<u>498,891</u>	<u>174,958</u>
Lease liabilities (including current and non-current)	\$ 5,358	\$ 36

2. Financial risk management policies

- (1) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.
- (2) The Company's finance and accounting department is responsible for executing risk management operations in accordance with policies approved by the Board of Directors. The finance and accounting department collaborates closely with various business units within the Company to identify, assess, and mitigate financial risks. The Board of Directors has established written principles for overall risk management and has also provided specific written policies on certain areas and matters, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of surplus liquidity.

3. Significant financial risk and degrees of financial risks

- (1) Market risk

Foreign exchange risk

- A. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, JPY, CNY and THB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- B. Management has set up a policy to manage its foreign exchange risk against the functional currency.
- C. The Company's businesses involve some non-functional currency operations (the Company's functional currency is NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2024		
	Foreign currency amount (in thousand)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 10,764	32.7850	\$ 352,898
JPY: NTD	40,801	0.2099	8,564
CNY: NTD	1,687	4.4780	7,554
<u>Non-monetary items</u>			
CNY: NTD	\$ 59,272	4.4780	\$ 265,418
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 294	32.7850	\$ 9,639
JPY: NTD	25,359	0.2099	5,323
CNY: NTD	12,250	4.4780	54,856

(Foreign currency: functional currency)	December 31, 2023			
	Foreign currency amount (in thousand)	Exchange rate	Book value (NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	\$ 12,905	30.71	\$ 396,248	
JPY: NTD	73,814	0.2172	16,032	
CNY: NTD	5,019	4.3780	21,973	
<u>Non-monetary items</u>				
CNY: NTD	\$ 58,678	4.3780	\$ 256,892	
THB: NTD	667	0.9017	601	
JPY: NTD	37,353	0.2172	8,113	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD: NTD	\$ 192	30.71	\$ 5,895	
JPY: NTD	15,996	0.2172	3,474	
CNY: NTD	1,414	4.3780	6,190	

- D. Total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023 amounted to \$28,868 and (\$3,979), respectively.
- E. Based on the Company's sensitivity analysis of all monetary assets and liabilities during the years 2024 and 2023, assuming a 1% fluctuation in the exchange rate of the NTD against other currencies while all other factors remain unchanged, the Company's net profit would decrease or increase by \$2,992 and \$4,186, respectively.

Price risk

- A. The Company's equity securities, which are exposed to price risk, are the held financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio.
- B. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the price of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by \$2 and \$1, respectively, as a result of gain/loss on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$952 and \$1,817, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- A. The Company's interest rate risk primarily arises from long-term borrowings issued at variable rates, exposing the Company to cash flow interest rate risk. During 2024 and 2023, the Company's borrowings issued at variable rates were mainly denominated in NTD.
- B. The Company's borrowings are measured at amortized cost. According to the contract, the interest rate is priced again every year. Therefore, the Company is exposed to the risk of future changes in market interest rates.
- C. If the NTD borrowing interest rate increases or decreases by 1%, with all other variables held constant, net profit after tax for the years ended December 31, 2024 and 2023 would have decreased or increased by \$920 and \$160, respectively. The primary reason is that interest expense fluctuates with changes in floating rate borrowings.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments which were settled in accordance with trading conditions.
- B. The Company establishes credit risk management from a corporate perspective. For banks and financial institutions, only well-rated parties are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the credit controller. The utilization of credit limits is regularly monitored.
- C. The Company adopts historical experience and industry characteristics to determine that a default occurs when contract payments are past due over 120 days based on the agreed payment terms.
- D. The Company applies the presumption under IFRS 9 that if contract payments are past due for more than 90 days based on the agreed payment terms, it is presumed that the credit risk of the financial asset has significantly increased since initial recognition.
- E. The indicators used by the Company to determine whether an investment in debt instruments has experienced credit impairment are as follows:
 - (A) The issuer experiences significant financial difficulties or there is a significant increase in the likelihood of entering bankruptcy or other financial restructuring;
 - (B) The issuer encounters financial difficulties, leading to the disappearance of an active market for the financial asset;
 - (C) The issuer delays or fails to pay interest or principal;
 - (D) Adverse national or regional economic conditions that increase the likelihood of issuer default.

- F. The Company classifies customers' accounts receivable and contract assets in accordance with customer types. The Company applies the simplified approach using the provision matrix and loss rate methodology to estimate expected credit loss.
- G. For accounts receivable that are not reasonably expected to be recovered, the Company continues to pursue legal proceedings to preserve its claims. As at December 31, 2024 and 2023, the amounts transferred to overdue receivables through collection procedures and fully recognized as loss allowances were both \$0.
- H. The expected loss rate for customers classified under the high credit quality group is 0.2%. As at December 31, 2024 and 2023, the total book value of accounts receivable was \$19,897 and \$27,255, respectively, with a loss allowance of \$0 for both years.
- I. The Company incorporates forward-looking information related to global economic conditions to adjust the loss rates established based on historical and current information over a specific period in estimating the allowance for expected credit losses on accounts receivable and contract assets. As at December 31, 2024 and 2023, the provision matrix and loss rates are as follows:

Balance at December 31, 2024	Expected loss rate	Total book value	Loss allowance
Not past due	0.01%	\$ 530,025	\$ 4,019
Past due within 90 days	0.01%~0.02%	5,197	52
Past due over 91 days	0.05%~100%	172	2
		<u>\$ 535,394</u>	<u>\$ 4,073</u>

Balance at December 31, 2023	Expected loss rate	Total book value	Loss allowance
Not past due	0.01%	\$ 161,917	\$ 3,955
Past due within 90 days	0.01%~0.04%	6,520	65
Past due over 91 days	0.04%~100%	5,342	53
		<u>\$ 173,779</u>	<u>\$ 4,073</u>

- J. Movements in the Company's loss allowance for accounts receivable and contract assets under the simplified approach are as follows:

	Years Ended December 31	
	2024	2023
	Accounts receivable	Accounts receivable
Balance at January 1	\$ 4,073	\$ 3,856
Provision of impairment loss	-	217
Balance at December 31	<u>\$ 4,073</u>	<u>\$ 4,073</u>

For the years ended December 31, 2024 and 2023, the impairment losses on receivables arising from customers' contracts amounted to \$0 and \$217, respectively.

K. The credit rating information of the Company's debt instrument investments measured at amortized cost is as follows:

	December 31, 2024				Total	
	By staging period					
	12-month ECL	Credit risk significantly increased	Credit-impaired			
Financial assets at amortized cost						
Group 1	\$ 775		-	\$ 775		

	December 31, 2023				Total	
	By staging period					
	12-month ECL	Credit risk significantly increased	Credit-impaired			
Financial assets at amortized cost						
Group 1	\$ 93,615		-	\$ 93,615		

Group 1: Time deposits earning fixed interest.

(3) Liquidity risk

A. Cash flow forecasts are conducted by each operating entity within the Company and consolidated by the finance and accounting department. The Company's treasury monitors rolling forecasts of liquidity requirements to ensure sufficient funds are available to meet operational needs. Additionally, the Company maintains adequate unutilized borrowing facilities at all times to prevent any breaches of borrowing limits or covenants.

B. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities:

Non-derivative financial liabilities:

December 31, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Short-term borrowings	\$ 115,414	\$ -	\$ -	\$ 115,414
Accounts payable (including related parties)	268,731	-	-	268,731
Other payables	113,064	-	-	113,064
Lease liabilities	2,434	2,994	45	5,473

Non-derivative financial liabilities:

December 31, 2023	Less than 1 year	Between 1 and 2 years	Total
Short-term borrowings	\$ 20,006	\$ -	\$ 20,006
Notes payable	1,051	-	1,051
Accounts payable (including related parties)	89,768	-	89,768
Other payables (including related parties)	62,251	-	62,251
Lease liabilities	37	-	37

(III) Fair value information

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

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

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's financial bond investments is classified as Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investments in equity instruments without an active market is classified as Level 3.
2. The carrying amounts of financial instruments not measured at fair value, excluding financial assets measured at amortized cost but including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.
3. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:
 - (1) The related information by level on the basis of the nature of the assets and liabilities is as follows:

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets measured at fair value through profit or loss				
Equity securities	\$ 305	\$ -	\$ -	\$ 305
Financial assets measured at fair value through other comprehensive income				
Equity instruments	\$ 305	\$ -	\$ 119,060	\$ 119,060
	<u>\$ 305</u>	<u>\$ -</u>	<u>\$ 119,060</u>	<u>\$ 119,365</u>

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets measured at fair value through profit or loss				
Equity securities	\$ 174	\$ -	\$ -	\$ 174
Financial assets measured at fair value through other comprehensive income				
Equity instruments	\$ -	\$ -	\$ 227,098	\$ 227,098
	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ 227,098</u>	<u>\$ 227,272</u>

(2) The methods and assumptions that the Company used to measure fair value are as follows:

- The Company adopts market quoted prices as inputs for fair value measurement (i.e., Level 1): Listed company shares are measured at their closing prices.
- Except for financial instruments with active markets, the fair value of other financial instruments is measured using valuation techniques or by referencing counterparty quotations. These valuation techniques may include referencing the fair value of similar financial instruments with comparable terms and characteristics, discounted cash flow methods, or other valuation models incorporating market information available as at the consolidated balance sheet date (e.g., OTC market reference yield curve and Reuters' average commercial paper interest rate quotations).
- The Company incorporates credit risk adjustments into the fair value measurement of financial and non-financial instruments to reflect both counterparty credit risk and the Company's credit quality.

- For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.
- The following chart is the movement of Level 3 for the years ended December 31, 2024 and 2023:

	2024	2023
	Equity instruments	Equity instruments
Balance at January 1	\$ 227,098	\$ 106,427
Gains or losses recognized in profit or loss		
Unrealized valuation gains or losses on equity instrument investments measured at fair value through other comprehensive income	(108,038)	120,671
Balance at December 31	<u>\$ 119,060</u>	<u>\$ 227,098</u>

- For the years ended December 31, 2024 and 2023, there was no transfer in or out of Level 3.
- The Finance and Accounting Department oversees the valuation process for Level 3 fair value measurements, ensuring independent verification of financial instruments' fair value. This process incorporates independent data sources, verifies data reliability and consistency, and ensures data reflects executable prices. The department also periodically calibrates valuation models, updates input data, and makes necessary fair value adjustments to maintain reasonable valuation results.

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

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 119,060	Market comparable companies	Price-to-earnings multiple, enterprise value multiple	Not applicable.	The higher the multiple and control premium, the higher the fair value.
	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 227,098	Market comparable companies	Price-to-earnings multiple, enterprise value multiple	Not applicable.	The higher the multiple and control premium, the higher the fair value.

9. The Company carefully assesses the valuation models and assumptions used to measure fair value. However, the use of different valuation models or assumptions may lead to different measurement results. The following is the effect on profit or loss or on other comprehensive income from financial assets categorized within Level 3 for the years ended December 31, 2024 and 2023 if the inputs used to valuation models have changed:

	December 31, 2024			
	Recognized in other comprehensive income (loss)			
	Input	Change	Favorable change	Unfavorable change
Financial assets				
Equity instruments	Stock price	±10 %	\$ 11,906	(\$ 11,906)
	Liquidity discount	±1%	1,191	(1,191)
			<u>\$ 13,097</u>	<u>(\$ 13,097)</u>
	December 31, 2023			
	Recognized in other comprehensive income (loss)			
	Input	Change	Favorable change	Unfavorable change
Financial assets				
Equity instruments	Stock price	±10%	\$ 22,710	(\$ 22,710)
	Liquidity discount	±1%	2,271	(2,271)
			<u>\$ 24,981</u>	<u>(\$ 24,981)</u>

XIII. SUPPLEMENTARY DISCLOSURES

(I) Significant Transactions Information

1. Loans to others: Please refer to table 1.
2. Provision of endorsements and guarantees to others: None.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
4. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
5. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
9. Trading in derivative instruments undertaken during the reporting periods: None.
10. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(II) Information on Investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(III) Mainland China Investment Information

1. Basic information: Please refer to table 5.
2. Significant transactions, either directly or indirectly through a third area, with investee companies in Mainland China: Please refer to table 3.

(IV) Major Shareholders Information

Major shareholders information: Please refer to table 6.

XIV. OPERATING SEGMENT INFORMATION

Not applicable.

AUROTEK CORPORATION
FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 1

No. (Note 1)	Financing Company	Counterparty	Financial statement account (Note 2)	Related party	Maximum balance for the period (Note 3)	Ending balance (Note 8)	Amount actually drawn	Interest rate	Nature for financing (Note 4)	Transaction amounts (Note 5)	Reason for financing (Note 6)	Allowance for bad debt	Collateral		Financing limits for each borrowing company (Note 7)	Financing Company's Total Financing amount limits (Note 7)	Note
													Name	Value			
0	AUROTEK CORPORATION	Aurotek (Shanghai) Inc.	Other receivables from related parties	Y	\$ 46,125	\$ -	\$ -	-	2	\$ -	Operating turnover	\$ -	-	\$ -	\$ 302,163	\$ 604,326	-

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

- (1) The company is "0".
- (2) The subsidiaries are numbered in order starting from "1".

Note 2: Accounts such as receivables from related parties, amounts due from related persons, shareholder transactions, prepayments, and temporary payments, if they are of a lending nature, must be reported in this column.

Note 3: The highest balance of funds loaned to others during the year is calculated using the exchange rate on the balance sheet date multiplied by the originally disclosed foreign currency amount.

Note 4: Nature of loans:

- (1) Business transactions: 1.
- (2) Short-term financing: 2.

Note 5: For fund lending categorized as business transactions, the transaction amount should be reported. The transaction amount refers to the amount of business transactions between the lending company and the borrower in the most recent fiscal year.

Note 6: For fund lending categorized as short-term financing needs, the reason for lending and the intended use of the funds by the borrower should be specifically explained, such as repayment of loans, acquisition of equipment, or working capital.

Note 7: Limits on loans to individual entities:

- (1) Aurotek- For business transactions, the amount of an individual loan shall not exceed the higher of the purchase or sales amount between the company and the borrower in the most recent fiscal year or up to the date of the loan. If the loan is for short-term financing needs, the amount shall not exceed 20% of the company's most recent CPA-audited or reviewed financial report's net worth.
- (2) Aurotek Shanghai - For short-term financing needs, the amount of an individual loan shall not exceed 20% of the company's most recent CPA-audited or reviewed financial statements' net worth.

Aggregate loan limits:

- (1) Aurotek - The total amount of funds loaned to others shall not exceed 40% of the company's most recent CPA-audited or reviewed financial report's net worth.
- (2) Aurotek Shanghai - The total amount of funds loaned to others shall not exceed 40% of the company's most recent CPA-audited or reviewed financial statements' net worth.

Note 8: If a public company approves loans on a case-by-case basis in accordance with Article 14, Paragraph 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," and the funds have not yet been disbursed, the approved loan amount shall still be included in the disclosed balance to reflect the assumed risk.

However, if the funds are subsequently repaid, the remaining balance should be disclosed to reflect the adjusted risk. If a public company, based on Article 14, Paragraph 2 of the same regulations, authorizes the chairman to disburse loans up to a certain limit within one year, whether in installments or as a revolving loan, the disclosed balance should still be based on the approved loan limit passed by the board of directors. Even if the funds are subsequently repaid, the disclosed balance should remain the board-approved loan limit, considering the possibility of re-disbursement.

AUROTEK CORPORATION
HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD
(NOT INCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 2

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As at December 31,2024					Note (Note 4)
				Number of shares	Carrying amount (Note 3)	Ownership (%)	Fair value		
AUROTEK CORPORATION	SHANGHAI OILES BEARING INC	None	Financial assets measured at fair value through other comprehensive income - non-current	-	\$ 26,497	10	\$ 26,497		None
AUROTEK CORPORATION	OILES (THAILAND) CO., LTD.	None	Financial assets measured at fair value through other comprehensive income - non-current	156,000	84,728	15	84,728		None
AUROTEK CORPORATION	Career Consulting Co., Ltd.	None	Financial assets measured at fair value through other comprehensive income - non-current	403,055	7,835	2.58	7,835		None
AUROTEK CORPORATION	OURS TECHNOLOGY INC.	None	Financial assets measured at fair value through other comprehensive income - non-current	8,186	-	0.14	-		None
AUROTEK CORPORATION	WiSilica Inc.	None	Financial assets measured at fair value through other comprehensive income - non-current	384,615	-	2.73	-		None
AUROTEK CORPORATION	TEKCORE CO., LTD	None	Financial assets measured at fair value through profit or loss - current	9,412	305	-	305		None

Note 1: The marketable securities mentioned in this table refer to stocks, bonds, beneficiary certificates, and derivative securities arising from these items that fall within the scope of IAS 39 "Financial Instruments: Recognition and Measurement."

Note 2: If the issuer of the marketable securities is not a related party, this column may be omitted.

Note 3: For securities measured at fair value, the carrying amount should reflect fair value adjustments and be net of accumulated impairment. For securities not measured at fair value, the carrying amount should reflect the original acquisition cost or amortized cost, net of accumulated impairment.

Note 4: If the listed marketable securities are pledged as collateral, loan security or subject to other usage restrictions under agreements, the remarks column should specify the number of pledged shares, the amount of collateral or pledged securities, and the nature of the restriction.

AUROTEK CORPORATION
SIGNIFICANT INTER-COMPANY TRANSACTIONS DURING THE REPORTING PERIOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 3

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Trading terms	
0	AUROTEK CORPORATION	TAIWAN OILES INDUSTRY CO., LTD.	1	Purchase of goods	41,327	Note 2	2%
1	Aurotek (Shanghai) Inc.	KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	4	Accounts payable	29,227	Note 1	1%
1	Aurotek (Shanghai) Inc.	KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	4	Purchase of goods	87,400	Note 2	5%
1	Aurotek (Shanghai) Inc.	Kunshan Yichun Industrial Technology Co., Ltd.	3	Purchase of goods	54,885	Note 2	3%

Note 1: If there are purchase and sales transactions between the Group and related parties, collections shall follow the agreed payment terms. The credit policy for related parties is approximately net 180 days. For general customers, the credit policy is net 90 to 180 days.

Note 2: The Group determines the purchase price for related parties with reference to market prices, and the payment terms are net 180 days. Payment terms for general customers range from net 90 to 180 days.

Note 3: Represents loans and receivables.

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

1. Parent company is "0".
2. The subsidiaries are numbered in order starting from "1".

Note II: Relationship between transaction company and counterparty is classified into the following three categories:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.
4. Subsidiary to associate.

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

Individual transaction amounts that do not reach 1% of total revenue or total assets are not disclosed.

AUROTEK CORPORATION
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 4

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held at December 31,2024			Net profit (loss) of the investee for the year ended December 31,2024	Investment income (loss) recognized by the Company for the year ended December 31,2024	Note
				Balance as at December 31,2024	Balance as at December 31,2023	Number of shares	Ownership (%)	Carrying amount			
AUROTEK CORPORATION	TAIWAN OILES INDUSTRY CO., LTD.	Taiwan	Manufacturing and trading of self-lubricating bearings and parts	\$ -	\$ 39,793	-	0	\$ -	(\$ 1,886)	(\$ 1,591)	Note 1
AUROTEK CORPORATION	AUROTEK INC.	Japan	Export trading of electronic machines and robotic arms	-	37,226	-	0	-	(1,205)	2,519	Note 2
AUROTEK CORPORATION	PLENTY ISLAND (THAI) CO., LTD.	Thailand	Trading of self-lubricating bearings and parts	-	2,203	-	0	-	-	1,762	Note 3
AUROTEK CORPORATION	3e Yamaichi Electronics Co., Ltd.	Taiwan	Sale of electronic components	24,130	24,130	2,413,000	19	31,294	12,781	2,373	-

Note 1: TAIWAN OILES INDUSTRY CO., LTD. was approved for liquidation by the Board of Directors on September 30, 2024.

Note 2: AUROTEK INC. was approved for liquidation by the shareholders' meeting on January 31, 2024. The company was officially dissolved and entered liquidation procedures on February 5, 2024, and the liquidation process was completed on May 27, 2024.

Note 3: PLENTY ISLAND (THAI) CO., LTD. completed its liquidation process and recovered the related share capital on September 27, 2024.

AUROTEK CORPORATION
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 5

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to China as at January 1, 2024		Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2024	Net income (loss) of investee for the year ended December 31, 2024	Ownership held by the Company (direct or indirect) (%)	Net income (loss) recognized by the Company for the year ended December 31, 2024	Carrying amount of investments in Mainland China as at December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as at December 31, 2024	Note
				Remitted to Mainland China	Remitted back to Taiwan									
Aurotek (Shanghai) Inc.	International trade, processing and assembly machinery, electronic board divider	\$ 46,592	1	\$ 46,592	\$ -	\$ -	\$ 46,592	\$ 8,172	100	\$ 9,315	\$ 199,662	\$ 8,698	Note 2(2)B	
SHANGHAI OILES BEARING INC	Production and sale of precision bearings and self-lubricating bearings of various specifications	97,161	1	10,402	-	-	10,402	-	10	-	26,497	12,476	Note 4	
KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	Production and sale of couplings and auto parts	67,072	1	20,121	-	-	20,121	16,294	30	4,888	37,978	7,851	Note 2(2)C	
Kunshan Yichun Industrial Technology Co., Ltd.	Production and sale of various electronic equipment and high-end construction hardware and other related parts	14,983	1	14,983	-	-	14,983	(275)	100	(1,652)	27,778	-	Note 2(2)B	
Company Name		Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2024		Investment amount approved by the Investment Department of Ministry of Economic Affairs (MOEA)		Ceiling of investments in Mainland China imposed by the Investment Department of Ministry of MOEA								
AUROTEK CORPORATION and Subsidiaries		\$ 92,098	\$ 92,098	\$ 92,098	\$ 906,489									

Note 1: Investment methods are divided into the following three types. It is sufficient to indicate the type of investment:

- (1) Direct investment in Mainland China.
- (2) Reinvest in Mainland China through a company in a third region.
- (3) Other methods.

Note 2: Columns of investment gains and losses recognized in the current period:

- (1) If there is no investment profit or loss in the preparation process, it should be specified.
- (2) The basis for recognition of investment gains and losses are divided into the following three types, which should be specified.
 - A. Financial statements audited by an international CPA firm that has partnered with a ROC CPA firm.
 - B. Financial statements audited by the parent company's CPAs in Taiwan.
 - C. Others

Note 3: Relevant figures in this table should be presented in New Taiwan Dollars.

Note 4: Recognized in the "financial assets measured at fair value through other comprehensive income - non-current" account.

AUROTEK CORPORATION
INFORMATION ON MAJOR SHAREHOLDERS
December 31, 2024

Table 6

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Aurotek Marketing Consultant Corporation	14,203,423	17.15
Citibank Custodian for UBS Europe SE Investment Account	4,370,294	5.27
Oiles Corporation of Japan	4,295,111	5.18

Note 1: The information on major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation based on the last business day of each quarter, reflecting shareholders holding ordinary shares and preferred shares (including treasury shares) of the Company that have completed dematerialized registration/delivery and whose shareholding has reached 5% or more.

The share capital reported in the financial statements and the actual number of shares that have completed dematerialized registration/delivery may differ due to differences in calculation bases.

Note 2: If the above information involves shareholders transferring shares into a trust, disclosure is based on the individual sub-accounts of the trustors established by the trustee. For shareholders who are insiders with more than 10% shareholding, as required by the Securities and Exchange Act, their declared shareholding includes both personally held shares and shares placed in trust where they retain the right to make decisions regarding trust assets. For details regarding insider shareholding declarations, please refer to the Market Observation Post System.

AUROTEK CORPORATION
CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Statement 1

Items	Summary	Amount
Cash on hand and revolving funds		
Cash on hand		\$ 183
Revolving funds		<u>43</u>
		<u>226</u>
Bank Deposits:		
Checking accounts deposits		358
Time deposits USD	(USD 7,155,219.98, exchange rate: 32.7850)	234,584
Demand deposits NTD		134,569
USD	(USD 882,434.98, exchange rate: 32.7850)	28,931
EUR	(EUR 18,293.1, exchange rate: 34.1400)	625
JPY	(JPY 10,595,450, exchange rate: 0.2099)	2,224
CNY	(CNY 245,091.43, exchange rate: 4.4780)	<u>1,098</u>
		<u>402,389</u>
		<u>\$ 402,615</u>

AUROTEK CORPORATION
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Statement 2

Customer name	Amount	Note
Non-related parties:		
71-1384	\$ 236,565	
71-2749	73,947	
Others	<u>216,178</u> 526,690	The balance of each customer has not exceeded 5% of account receivable.
Less: Allowance for doubtful accounts	(<u>4,073</u>)	
	<u>\$ 522,617</u>	

AUROTEK CORPORATION
STATEMENT OF INVENTORIES
DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Statement 3

Items	Amount		Note
	Cost	Net realizable value	
Raw materials	\$ 74,154	\$ 74,154	Raw materials are measured at net realizable value based on replacement cost, while work-in-process, finished goods, and merchandise are at net realizable value.
Work in process	20,852	28,304	
Finished goods	50,257	69,395	
Merchandise	213,403	288,496	
	358,666	\$ 460,349	
Less: Allowance for inventory valuation loss	(39,538)		
	\$ 319,128		

AUROTEK CORPORATION
FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2024
 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Statement 4

Name	Opening balance		Additions/ Reductions		Ending balance			For collateralize and pledge
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Ownership (%)	Amount	
SHANGHAI OILES BEARING INC	-	\$ 18,543	-	\$ 7,954	-	10.00%	\$ 26,497	None
OILES (THAILAND) CO., LTD.	156	205,315	-	(120,587)	156	15.00%	84,728	"
Career Consulting Co., Ltd.	403	3,240	-	4,595	403	2.58%	7,835	"
OURS TECHNOLOGY INC.	8	-	-	-	8	0.14%	-	"
Wisilica Inc.	385	-	-	-	385	2.73%	-	"
		<u>\$ 227,098</u>		<u>(\$ 108,038)</u>			<u>\$ 119,060</u>	

AUROTEK CORPORATION
STATEMENT OF CHANGES IN INVESTMENTS UNDER THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Statement 5

Name	Opening balance		Additions (Note 1)		Reductions (Note 2)		Ending balance			Equity value	For collateralize and pledge
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Ownership (%)	Amount		
TAIWAN OILES											
INDUSTRY CO., LTD.	-	\$ 49,720	-	\$ -	-	(\$ 49,720)	-	0%	\$ -	\$ -	None
AUROTEK INC.	2,599 (shares)	8,113	-	-	2,599 (shares)	(8,113)	-	0%	-	-	"
Aurotek (Shanghai) Inc.	-	193,824	-	5,838	-	-	-	100%	199,662	201,913	"
Kunshan Yichun Industrial Technology Co., Ltd.	-	28,779	-	-	-	(1,001)	-	100%	27,778	30,391	"
PLENTY ISLAND (THAI) CO., LTD.	-	601	-	-	-	(601)	-	0%	-	-	"
3e Yamaichi Electronics Co., Ltd.	-	30,030	-	1,264	-	-	-	19%	31,294	31,294	"
KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	-	34,289	-	3,689	-	-	-	30%	37,978	37,978	"
		<u><u>\$345,356</u></u>		<u><u>\$ 10,791</u></u>		<u><u>(\$ 59,435)</u></u>			<u><u>\$ 296,712</u></u>	<u><u>\$ 301,576</u></u>	

Note 1: The increase for the current period includes the share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method, the share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method, and exchange differences arising from the translation of the financial statements of foreign operations.

Note 2: The decrease for the current period includes the share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method, the share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method, exchange differences arising from the translation of the financial statements of foreign operations, and cash dividends received.

AUROTEK CORPORATION
STATEMENT OF ACCOUNTS PAYABLE
December 31, 2024
(Amounts in Thousands of New Taiwan Dollars)

Statement 6

Vendor name	Amount	Note
Non-related parties:		
71-0037	\$ 54,947	
71-0930	36,876	
71-0982	15,429	
71-1460	14,563	
Others	<u>132,792</u>	The balance of each vendor has not exceeded 5% of account payable.
	<u>\$ 254,607</u>	

AUROTEK CORPORATION
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Statement 7

Items	Amount	Note
Automation system	\$ 1,285,338	
Safety device system	50,574	
Others	<u>42,791</u>	
	<u>\$ 1,378,703</u>	

AUROTEK CORPORATION
STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Statement 8

Items	Summary	Amount
Raw materials at the beginning		\$ 62,000
Add: Materials purchased for the year		261,402
Merchandise transferred to raw materials		99,307
Finished goods transferred to raw materials		189,973
Less: Raw materials at the end	(	74,154)
Transferred to merchandise	(	89,814)
Others	(	2,063)
Consumption of raw materials for the year		446,851
Direct labor		4,081
Manufacturing overhead		35,190
Manufacturing cost		486,122
Add: Work in process at the beginning		19,580
Less: Work in progress at the end	(	20,852)
Transferred to cost of goods sold	(	11)
Others	(	1,962)
Cost of finished goods		482,877
Add: Finished goods at the beginning		24,010
Purchases for the year		134,676
Less: Finished goods at the end	(	50,257)
Transferred to raw materials	(	189,973)
Transferred to merchandise	(	20,468)
Transferred to operating expenses	(	1,930)
Cost of goods manufactured and sold		378,935
Add: Merchandise at the beginning		192,694
Purchases for the year		569,107
Raw materials transferred to merchandise		89,814
Work in process transferred to merchandise		20,468
Less: Merchandise at the end	(	213,403)
Merchandise transferred to raw materials	(	99,307)
Others	(	8,343)
Cost of purchases and sales		551,030
Cost of goods sold		929,965
Other operating costs		31,124
Impairment loss		13,029
	\$	<u>974,118</u>

AUROTEK CORPORATION
STATEMENT OF MANUFACTURING OVERHEAD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars)

Statement 9

Items	Amount	Note
Processing Expenses	\$ 9,595	
Indirect Labor	3,589	
Others Expenses	<u>22,006</u>	
	<u>\$ 35,190</u>	

AUROTEK CORPORATION
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars)

Statement 10

Item	Selling expenses	General and Administrative expenses	Research and Development expenses	Total
Salaries and Wages	\$ 100,291	\$ 71,253	\$ 23,685	\$ 195,229
Depreciation	2,683	5,452	1,253	9,388
Service Fees	7,523	6,113	63	13,699
Development Expense	4	-	3,684	3,688
Insurance Expense	8,377	3,544	2,170	14,091
Other Expenses	41,447	15,877	1,037	58,361
	<hr/> <u>\$ 160,325</u>	<hr/> <u>\$ 102,239</u>	<hr/> <u>\$ 31,892</u>	<hr/> <u>\$ 294,456</u>