

KENMEC MECHANICAL ENGINEERING CO., LTD.

Parent Company Only Financial Report with Independent Auditors' Report 2024 and 2023

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Independent Auditors' Report

To KENMEC MECHANICAL ENGINEERING CO., LTD.:

Audit opinion

We audited the parent company only balance sheets of KENMEC MECHANICAL ENGINEERING CO., LTD. as of December 31, 2024 and 2023, parent company only statements of comprehensive income, parent company only statements of changes in equity and parent company only statements of cash flows for the periods from January 1 to December 31, 2024 and 2023, and No. of Notes to notes to the parent company only financial reports (including the summary of significant accounting policies).

In our opinion, the said parent company only financial reports were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and thus presented fairly, in all material aspects, the parent company only financial positions of KENMEC MECHANICAL ENGINEERING CO., LTD. as of December 31, 2024 and 2023, and the parent company only financial performance and cash flows for the periods from January 1 to December 31, 2024 and 2023.

Basis of Audit Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under such standards are further described in the "CPA's responsibility for the audit of the parent company only financial reports" section in this report. We were independent of KENMEC MECHANICAL ENGINEERING CO., LTD. in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all the other responsibilities thereunder. We believe that we acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the parent company only financial reports of KENMEC MECHANICAL ENGINEERING CO., LTD. for the year 2024. Such matters were addressed during the overall audit of the parent company only financial reports and the process of forming the audit opinions, and thus we did not provide opinions separately regarding such matters.

The key audit matters in the audit of the parent company only financial reports of KENMEC MECHANICAL ENGINEERING CO., LTD. for the year of 2024 are as follows:

Project incomes recognized on the basis of stage of completion

As KENMEC is mainly engaged in contracting automation projects, its project income is recognized based on the degree of the completion of contracts. The estimated total cost of projects is an important factor in calculating the percentage of completion. The estimated total costs of projects and contract items are evaluated and judged by management based on the nature of projects, estimated contract amounts, project approaches and work methods. However, due to the long duration of the work period, the contracts are likely to be affected by fluctuations in prices of raw materials and labor, as well as addition/reduction of projects, making them subject to inherent risks of complexity. As there is a certain degree of subjectivity in these estimates, the calculation of the percentage of revenue from the completion of some projects may have errors or have a significant impact on the misinterpretation of revenue in each period. Therefore, the total estimated cost for project contracts is a material estimate and judgment of the Company, hence it is considered a key audit item. For accounting policies and disclosure information relevant to the recognition of construction incomes, see Notes 4, 5 and 25 to the financial statements.

For the above key audit matters, the audit procedures we performed are as follows:

1. To understand and test the Company's internal control procedures relevant to the preparation of the estimated total project cost.
2. To select samples and examine the documents of the Company's projects to confirm the reasonableness of the estimated total project cost.

Responsibilities of the Management and Governing Bodies for Parent Company Only Financial Reports

The management was responsible for preparation of the parent company only financial reports with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintaining the necessary internal control related to the preparation of the parent company only financial reports to ensure that the parent company only financial reports were free of material misstatement due to fraud or error.

During preparation of the parent company only financial reports, the management was also responsible for evaluating KENMEC MECHANICAL ENGINEERING CO., LTD.'s ability as a going concern, disclosure of relevant matters, and application of the going concern basis of accounting unless the management intended to liquidate KENMEC MECHANICAL ENGINEERING CO., LTD. or terminate its operations, or there were no other actual or feasible solutions other than liquidation or termination of its operations.

KENMEC MECHANICAL ENGINEERING CO., LTD.'s governance unit (including the Audit Committee) was responsible for supervising the financial reporting procedures.

Responsibilities of the Accountants for the Audit of the Parent Company Only Financial Reports

The purpose of our audit of the parent company only financial reports is to obtain reasonable assurance about whether the parent company only financial reports were free of material misstatements due to fraud or error, with an audit report issued thereafter. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. The misstatements might be due to fraud or error. If an individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of users of the parent company only financial reports, the misstatement was deemed as material.

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

1. We identified and assessed the risk of any misstatement in the parent company only financial reports due to fraud or error, designed and implemented response measures suitable for the evaluated risks, and acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions. Fraud may involve collusion, forgery, omission on purpose, fraudulent statements or violation of internal control, and we did not find that the risk of material misstatement due to fraud was higher than the same due to error.
2. We understood the internal control related to the audit to an extent necessary to design audit procedures applicable to the current circumstances. However, the purpose of such work was not to express opinions regarding the effectiveness of KENMEC MECHANICAL ENGINEERING CO., LTD.'s internal control.
3. We evaluated the appropriateness of the accounting policies adopted by management and the rationality of the accounting estimates and relevant disclosure made by management.
4. We drew a conclusion about the appropriateness of the application of the going concern basis of accounting by the management and whether the events or circumstances which might cause major doubts about KENMEC MECHANICAL ENGINEERING CO., LTD.'s ability as a going concern had material uncertainties. If any material uncertainty was deemed to exist in such event or circumstance, we must provide a reminder in the parent company only financial reports for the users to pay attention to relevant disclosures therein, or amend our audit opinions when such disclosures were inappropriate. Our conclusion was drawn based on the audit evidence acquired as of the date of this audit report. However, future events or circumstances might result in a situation where KENMEC MECHANICAL ENGINEERING CO., LTD. would no longer have the ability to continue as a going concern.
5. We evaluated the overall presentation, structure, and contents of the parent company only financial reports (including relevant notes), and whether the parent company only financial reports presented the relevant transactions and events fairly.

6. We acquired sufficient and appropriate audit evidence for the financial information of the entities forming KENMEC MECHANICAL ENGINEERING CO., LTD. to provide opinions regarding the parent company only financial reports. We were responsible for instruction, supervision and implementation of the audit cases, as well as formation of the audit opinions on KENMEC MECHANICAL ENGINEERING CO., LTD.

The matters for which we communicated with the governance unit include the planned audit scope and time, as well as major audit findings (including the significant deficiencies of the internal control identified during the audit).

We also provided a declaration of independence to the governance unit, which assured that we complied with the requirements related to independence in the Norm of Professional Ethics for Certified Public Accountant, and communicated all relationships and other matters (including relevant protective measures) which we deemed to be likely to cause an impact on the independence of CPAs to the governance unit.

We determined the key audit matters to be audited in KENMEC MECHANICAL ENGINEERING CO., LTD.'s parent company only financial reports in 2024 based on the matters communicated with the governance unit. We specified such matters in the audit report except when public disclosure of certain matters was prohibited by related laws or regulations, or when, in very exceptional circumstances, we determined not to cover such matters in the audit report as we could reasonably expect that the negative impact of the coverage would be greater than the public interest brought thereby.

Deloitte & Touche Taiwan
CPA MENG-KUEI YU

CPA LI-HUANG LI

Approval No. from the Financial
Supervisory Commission
Jin-Guan-Zheng-Shen-Zi No. 1130357402

Approval No. from the Securities and
Futures Commission
Tai-Cai-Zheng-Liu-Zi No. 0930128050

March 14, 2025

KENMEC MECHANICAL ENGINEERING CO., LTD.
Parent Company Only Balance Sheet
December 31, 2024 and 2023

Unit: NTD thousand

Code	Assets	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 1,443,795	15	\$ 616,927	7
1110	Financial assets measured at fair value through profit or loss – current (Note 7)	11,091	-	177,277	2
1136	Financial assets measured at amortized cost – current (Note 9)	138,524	2	166,248	2
1140	Contract assets – current (Notes 23 and 25)	705,955	7	680,727	8
1150	Notes receivable – non-related parties (Note 10)	53	-	27	-
1170	Accounts receivable – non-related parties (Note 10)	307,524	3	376,079	4
1180	Accounts receivable – related parties (Notes 10 and 34)	127,535	1	43,207	-
1200	Other receivables (Note 10)	14,679	-	22,726	-
1210	Other receivables – related parties (Notes 10 and 34)	100,538	1	439	-
1220	Current income tax assets (Note 27)	9,670	-	6,852	-
130X	Inventory (Note 11)	350,530	4	237,782	3
1429	Prepayments (Note 16)	136,576	1	118,620	1
1470	Other current assets (Notes 16 and 35)	288,963	3	154,450	2
11XX	Total current assets	<u>3,635,433</u>	<u>37</u>	<u>2,601,361</u>	<u>29</u>
	Non-current assets				
1510	Financial assets measured at fair value through profit or loss – non-current (Note 7)	159,157	2	131,797	1
1517	Financial assets measured at fair value through other comprehensive income – non-current (Note 8)	87,294	1	59,167	1
1535	Financial assets measured at amortized cost – non-current (Note 9)	49,392	1	69,930	1
1550	Investment under the equity method (Note 12)	2,083,670	21	2,350,516	26
1600	Property, plants and equipment (Notes 13 and 35)	2,987,365	30	2,986,623	33
1755	Right-of-use assets (Note 14)	324,932	3	355,696	4
1780	Other intangible assets (Note 15)	5,972	-	10,021	-
1840	Deferred income tax assets (Note 27)	148,660	2	180,555	2
1990	Other non-current assets (Notes 16, 22, and 35)	329,916	3	282,254	3
15XX	Total non-current assets	<u>6,176,358</u>	<u>63</u>	<u>6,426,559</u>	<u>71</u>
1XXX	Total assets	<u>\$ 9,811,791</u>	<u>100</u>	<u>\$ 9,027,920</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Note 17)	\$ 420,000	5	\$ 510,000	6
2130	Contract liabilities – current (Notes 23 and 25)	744,862	8	481,272	5
2150	Notes payable – non-related parties (Note 18)	6,472	-	-	-
2170	Accounts payable – non-related parties (Note 18)	697,302	7	559,286	6
2180	Accounts payable – related parties (Note 18 and 34)	26,103	-	34,130	-
2219	Other payables (Note 20)	203,247	2	274,995	3
2220	Other payables – related parties (Notes 20 and 34)	1,733	-	489,237	6
2250	Liability reserve – current (Note 21)	17,962	-	43,838	1
2280	Lease liabilities – current (Note 14)	21,277	-	28,768	-
2313	Deferred income (Note 30)	25,097	-	35,000	-
2320	Long-term loans maturing within one year (Note 17)	26,659	1	77,122	1
2399	Other current liabilities	4,346	-	4,136	-
21XX	Total current liabilities	<u>2,195,060</u>	<u>23</u>	<u>2,537,784</u>	<u>28</u>
	Non-current liabilities				
2500	Financial liabilities measured at fair value through profit or loss – non-current (Note 7)	3,900	-	-	-
2530	Bonds payable (Note 19)	570,483	6	-	-
2540	Long-term loans (Note 17)	2,065,034	21	2,142,628	24
2580	Lease liabilities – non-current (Note 14)	239,677	2	255,422	3
2570	Deferred income tax liabilities (Note 27)	58,123	1	57,404	1
2650	Credit balance of investments accounted for using the equity method (Note 12)	122,651	1	10,381	-
2670	Other non-current liabilities (Note 20)	7,890	-	12,930	-
25XX	Total non-current liabilities	<u>3,067,758</u>	<u>31</u>	<u>2,478,765</u>	<u>28</u>
2XXX	Total liabilities	<u>5,262,818</u>	<u>54</u>	<u>5,016,549</u>	<u>56</u>
	Equity (Note 24)				
3110	Common stock capital	2,590,112	26	2,490,112	27
3200	Capital reserves	1,416,239	14	456,725	5
	Retained earnings				
3310	Legal reserves	247,047	3	182,797	2
3320	Special reserves	297,092	3	297,092	3
3350	Undistributed earnings	224,446	2	848,592	10
3300	Total retained earnings	<u>768,585</u>	<u>8</u>	<u>1,328,481</u>	<u>15</u>
	Other equity				
3410	Exchange differences on translation of financial statements of foreign operations	(217,796)	(2)	(255,739)	(3)
3420	Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income	(8,167)	-	(8,208)	-
3400	Total of other equity	<u>(225,963)</u>	<u>(2)</u>	<u>(263,947)</u>	<u>(3)</u>
31XX	Total equity	<u>4,548,973</u>	<u>46</u>	<u>4,011,371</u>	<u>44</u>
	Total liabilities and equity	<u>\$ 9,811,791</u>	<u>100</u>	<u>\$ 9,027,920</u>	<u>100</u>

The attached notes are part of the parent company only financial reports.

Chairman: CHING-FU HSIEH

Manager: CHIH-CHUN KE

Accounting Manager: YA-LING CHU

KENMEC MECHANICAL ENGINEERING CO., LTD.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2024 and 2023

Unit: NTD thousand; however earnings (loss) per share is in NTD

Code		2024		2023	
		Amount	%	Amount	%
	Operating revenue (Notes 25 and 34)				
4100	Sales revenue	\$ 2,445	-	\$ 4,224	-
4520	Project income	1,983,685	96	2,723,299	98
4600	Service income	78,936	4	56,592	2
4000	Total operating revenue	<u>2,065,066</u>	<u>100</u>	<u>2,784,115</u>	<u>100</u>
	Operating costs (Notes 11, 26 and 34)				
5110	Cost of sales	(1,088)	-	(168)	-
5520	Project cost	(1,404,879)	(68)	(1,916,799)	(69)
5600	Service cost	(70,092)	(3)	(65,119)	(2)
5800	Other operating costs	(18,891)	(1)	(46,896)	(2)
5000	Total operating costs	<u>(1,494,950)</u>	<u>(72)</u>	<u>(2,028,982)</u>	<u>(73)</u>
5900	Operating gross profit	570,116	28	755,133	27
5910	Unrealized profits/losses from subsidiaries, associates and joint ventures (Note 34)	(98,329)	(5)	(19,520)	(1)
5920	Realized profits/losses from subsidiaries, associates and joint ventures (Note 34)	<u>26,205</u>	<u>1</u>	<u>25,556</u>	<u>1</u>
5950	Realized operating gross profit	<u>497,992</u>	<u>24</u>	<u>761,169</u>	<u>27</u>
	Operating expenses (Notes 10, 26 and 34)				
6100	Marketing expense	(116,141)	(6)	(146,979)	(5)
6200	Administrative expense	(267,351)	(13)	(255,032)	(9)
6300	R&D expense	(246,922)	(12)	(168,929)	(6)
6450	Expected losses on credit impairment (gain on reversal)	(11,877)	-	13,860	-
6000	Total operating expenses	<u>(642,291)</u>	<u>(31)</u>	<u>(557,080)</u>	<u>(20)</u>

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Code		2024		2023	
		Amount	%	Amount	%
6900	Net operating gain (loss)	(\$ 144,299)	(7)	\$ 204,089	7
	Non-operating revenue and expenses (Notes 26 and 34)				
7100	Interest income	23,883	1	41,552	1
7010	Other revenue	154,104	7	71,834	3
7020	Other profits and losses	23,107	1	48,225	2
7050	Financial costs	(68,780)	(3)	(34,684)	(1)
7070	Share of profit/loss of subsidiaries, associates and joint ventures under the equity method	(104,473)	(5)	470,188	17
7000	Total non-operating revenue and expenses	27,841	1	597,115	22
7900	Net profit (loss) before tax	(116,458)	(6)	801,204	29
7950	Income tax expense (Note 27)	(26,769)	(1)	(5,207)	-
8200	Current net profit (loss)	(143,227)	(7)	795,997	29
	Other comprehensive income (Notes 24 and 27)				
	Titles not reclassified as profit or loss:				
8311	Remeasurement of defined benefit plans	5,612	-	(2,907)	-
8316	Unrealized valuation profit/loss on investment in equity instruments measured at fair value through other comprehensive income	(1,825)	-	3,299	-

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Code		2024		2023	
		Amount	%	Amount	%
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures under the equity method	\$ 3,144	-	\$ 393	-
8349	Income tax relating to non-reclassified items	(240)	-	581	-
8310		<u>6,691</u>	<u>-</u>	<u>1,366</u>	<u>-</u>
	Titles likely to be reclassified as profit or loss subsequently:				
8361	Exchange differences on translation of financial statements of foreign operations	25,015	1	(11,020)	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures under the equity method	18,044	1	(12,092)	(1)
8399	Income tax related to items likely to be reclassified	(5,116)	-	2,317	-
8360		<u>37,943</u>	<u>2</u>	<u>(20,795)</u>	<u>(1)</u>
8300	Total other comprehensive income (net) for the year	<u>44,634</u>	<u>2</u>	<u>(19,429)</u>	<u>(1)</u>
8500	Total comprehensive income for the year	<u>(\$ 98,593)</u>	<u>(5)</u>	<u>\$ 776,568</u>	<u>28</u>
	Earnings (losses) per share (Note 28)				
9710	Basic	(\$ 0.56)		\$ 3.20	
9810	Diluted	(\$ 0.56)		\$ 3.19	

The attached notes are part of the parent company only financial reports.

Chairman: CHING-FU HSIEH

Manager: CHIH-CHUN KE

Accounting Manager: YA-LING CHU

KENMEC MECHANICAL ENGINEERING CO., LTD.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2024 and 2023

Unit: NTD thousand

Code		Share capital		Retained earnings				Other equity		Treasury stocks	Total equity
		Number of shares (thousand shares)	Amount	Capital reserves	Legal reserves	Special reserves	Retained earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income		
A1	Balance on January 1, 2023	249,011	\$ 2,490,112	\$ 293,869	\$ 134,786	\$ 319,117	\$ 633,963	(\$ 229,740)	(\$ 11,507)	(\$ 22,792)	\$ 3,607,808
	Allocation and distribution of earnings in 2022										
B1	Appropriation of legal reserve	-	-	-	48,011	-	(48,011)	-	-	-	-
B3	Reversal of special reserves	-	-	-	-	(22,025)	22,025	-	-	-	-
B5	Cash dividends to the shareholders of the Company	-	-	-	-	-	(401,885)	-	-	-	(401,885)
	Other changes in capital reserves										
C7	Changes regarding associates and joint ventures under equity method	-	-	(220)	-	-	-	-	-	-	(220)
M7	Changes in ownership interests in subsidiaries	-	-	122,144	-	-	(151,564)	(5,204)	-	-	(34,624)
N1	Employee stock options issued by the Company	-	-	40,932	-	-	-	-	-	22,792	63,724
D1	Net profit in 2023	-	-	-	-	-	795,997	-	-	-	795,997
D3	Other comprehensive income after tax in 2023	-	-	-	-	-	(1,933)	(20,795)	3,299	-	(19,429)
D5	Total comprehensive income in 2023	-	-	-	-	-	794,064	(20,795)	3,299	-	776,568
Z1	Balance on December 31, 2023	249,011	2,490,112	456,725	182,797	297,092	848,592	(255,739)	(8,208)	-	4,011,371
	Allocation and distribution of earnings in 2023										
B1	Appropriation of legal reserve	-	-	-	64,250	-	(64,250)	-	-	-	-
B5	Cash dividends to the shareholders of the Company	-	-	-	-	-	(423,319)	-	-	-	(423,319)
E1	Cash capital increase	10,000	100,000	800,000	-	-	-	-	-	-	900,000
	Other changes in capital reserves										
M5	Difference between the price of acquiring or disposing of the equity of the subsidiary and the book value	-	-	(511)	-	-	-	-	-	-	(511)
C5	The Company's convertible corporate bonds are recognized as equity	-	-	141,525	-	-	-	-	-	-	141,525
N1	Employee stock options issued by the Company	-	-	18,500	-	-	-	-	-	-	18,500
D1	Net loss in 2024	-	-	-	-	-	(143,227)	-	-	-	(143,227)
D3	Other comprehensive income after tax in 2024	-	-	-	-	-	6,650	37,943	41	-	44,634
D5	Total comprehensive income in 2024	-	-	-	-	-	(136,577)	37,943	41	-	(98,593)
Z1	Balance on December 31, 2024	259,011	\$ 2,590,112	\$ 1,416,239	\$ 247,047	\$ 297,092	\$ 224,446	(\$ 217,796)	(\$ 8,167)	\$ -	\$ 4,548,973

The attached notes are part of the parent company only financial reports.

Chairman: CHING-FU HSIEH

Manager: CHIH-CHUN KE

Accounting Manager: YA-LING CHU

KENMEC MECHANICAL ENGINEERING CO., LTD.
Parent Company Only Statement of Cash Flow
January 1 to December 31, 2024 and 2023

Unit: NTD thousand

Code		2024	2023
	Cash flow from operating activities		
A10000	Net profit (loss) before tax for the current year	(\$ 116,458)	\$ 801,204
A20010	Profit and expense/loss:		
A20100	Depreciation expenses	108,088	87,672
A20200	Amortization expenses	6,044	6,237
A20300	Expected losses on credit impairment (gain on reversal)	11,877	(13,860)
A20400	Net loss (profit) on financial assets and liabilities measured at fair value through profit or loss	3,703	(42,303)
A20900	Financial costs	68,780	34,684
A21200	Interest income	(23,883)	(41,552)
A21300	Dividend revenue	(2,675)	(2,113)
A21900	Compensation cost of employee stock options	18,500	40,993
A22500	Property, plant and equipment (profit) loss	(29)	35
A22400	Share of profit/loss of subsidiaries, associates and joint ventures under the equity method	104,473	(470,188)
A23700	Loss (reversal of loss) on inventory valuation and obsolescence	(6,668)	27,709
A23800	Property, plant and equipment impairment loss	-	14,052
A23900	Unrealized profits/losses from subsidiaries, associates and joint ventures	98,329	19,520
A24000	Realized profits/losses from subsidiaries, associates and joint ventures	(26,205)	(25,556)
A29900	Profit on lease modification	(48)	(1)
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(25,640)	(140,153)
A31130	Notes receivable	(26)	3,167
A31150	Accounts receivable	73,175	(202,510)
A31160	Accounts receivable – related parties	(84,328)	(38,978)
A31180	Other receivables	7,493	(6,543)
A31190	Other receivables – related parties	(99)	12,457
A31200	Inventory	(106,080)	(39,354)
A31230	Prepayments	(17,956)	(26,170)
A31240	Other current assets	(7)	35,156

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Code		2024	2023
A31250	Other non-current assets	(\$ 222,344)	\$ 512
A31990	Net defined benefit assets	6,801	-
A32125	Contract liabilities	263,590	(522,255)
A32130	Notes payable	6,472	(1,348)
A32150	Accounts payable	138,016	85,602
A32160	Accounts payable – related parties	(8,027)	8,314
A32180	Other payables	(74,164)	59,313
A32190	Other payables – related parties	(487,504)	489,237
A32200	Liability reserve	(25,876)	22,098
A32230	Other current liabilities	210	(4,453)
A32240	Net defined benefit liabilities	-	(59,932)
A32990	Deferred income	(9,903)	35,000
A33000	Cash generated from operations	(322,369)	145,693
A33100	Interest received	22,952	40,665
A33300	Interest paid	(62,519)	(34,684)
A33500	Income tax paid	(2,329)	(2,726)
AAAA	Net cash inflow (outflow) from operating activities	(364,265)	148,948
Cash flows from investing activities			
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	(29,952)	(17,500)
B00050	Disposal of financial assets measured at amortized cost	31,765	118,548
B00100	Acquisition of financial assets measured at fair value through profit or loss	(374,887)	(1,705,922)
B00200	Disposal of financial assets measured at fair value through profit or loss	511,570	1,818,496
B01800	Acquisition of investment under the equity method	(88,064)	(691,347)
B02700	Purchase of property, plants and equipment	(70,548)	(1,822,406)
B02800	Proceeds from disposal of property, plant and equipment	29	1,157
B03700	Increase in guarantee deposits paid	-	(72,949)
B03800	Decrease in guarantee deposits paid	14,289	-
B04100	Other receivables	1,485	3,956
B04300	Other receivables – related parties	-	431,400
B04500	Purchase of intangible assets	(1,995)	(2,620)
B05350	Acquisition of right-of-use assets	-	(75)
B07200	Decrease in prepaid equipment purchase	24,698	42,417
B07600	Dividends received	2,675	2,113
B09900	Dividends received from subsidiaries	236,275	49,335
BBBB	Net cash inflow (outflow) from investing activities	257,340	(1,845,397)

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Code		2024	2023
	Cash flows from financing activities		
C01200	Issuance of corporate bonds	\$ 708,087	\$ -
C01700	Repayment of long-term loans	(528,057)	(481,122)
C01600	Borrowing of long-term loans	400,000	1,830,000
C00100	Increase in short-term loans	-	510,000
C00200	Decrease in short-term loans	(90,000)	-
C03000	Increase in guarantee deposits received	-	7,318
C03100	Decrease in guarantee deposits received	(5,040)	-
C04020	Repayment of the principal of leases	(27,878)	(19,302)
C04500	Payment of dividends	(423,319)	(401,885)
C04600	Cash capital increase	900,000	-
C04900	Payment of costs of transactions in treasury stocks	-	(61)
C05100	Purchase of treasury stocks by employees	-	22,792
CCCC	Net cash inflow from financing activities	<u>933,793</u>	<u>1,467,740</u>
EEEE	Net increase (decrease) in cash and cash equivalents	826,868	(228,709)
E00100	Balance of cash and cash equivalents at beginning of the year	<u>616,927</u>	<u>845,636</u>
E00200	Balance of cash and cash equivalents at ending of the year	<u>\$ 1,443,795</u>	<u>\$ 616,927</u>

The attached notes are part of the parent company only financial reports.

Chairman: CHING-FU HSIEH

Manager: CHIH-CHUN KE

Accounting Manager: YA-LING CHU

KENMEC MECHANICAL ENGINEERING CO., LTD.
Notes to the Parent Company Only Financial Reports
January 1 to December 31, 2024 and 2023
(All amounts are in NTD thousand unless otherwise specified.)

I. Company milestones

KENMEC MECHANICAL ENGINEERING CO., LTD. (hereinafter referred to as the Company) was established in July 1976 focusing on the design, machining, manufacturing and trading of industrial machines and steel angle frames; import and export of machinery, hardware, office equipment, and electric machinery; machining, manufacturing and trading of transfer lines, robot production lines, flexible manufacturing systems, automatic conveyors, automatic pallet stackers, automatic warehousing equipment, unmanned trucks, and robotic arms; manufacturing, machining and trading of computer and optical communication products and their components; agent of domestic and foreign manufacturers for manufacturing, trading, quoting and bidding of the aforementioned products.

The Company has traded on Taipei Exchange as of January 23, 2002.

The parent company only financial report is expressed in New Taiwan dollars, the functional currency of the Company.

II. Approval date and procedures of the financial report

The parent company only financial report was approved at the board meeting on March 7, 2025.

III. Application of new and amended standards and interpretation

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

The Company expected no material changes to the accounting policies of the Company after adopting the amended IFRSs approved and released by the FSC:

- (II) FSC-approved IFRSs to be applied in 2025

<u>New/Amended/Revised Standards and Interpretation</u>	<u>Effective Date per IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
The amendments to the application of the classification of financial assets in the amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” are as follows:	January 1, 2026 (Note 2)

Note 1: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is first applied, the period of comparison shall not be restated, but the impact shall be recognized in the retained earnings on the date of initial application or the exchange differences of foreign operations under equity (as appropriate) and related assets and liabilities.

Note 2: The amendments are applicable for annual reporting periods beginning after January 1, 2026. Entities may choose to apply them from January 1, 2025. When applying the amendment for the first time, the amendment shall be applied retroactively without restatement of the comparative period, and the effects of the initial application shall be recognized at the initial application date. However, if the enterprise cannot restate without the benefit of hindsight, it may choose to re-compile the financial statements.

Up to the approval and release date of the parent company only financial report, the Company assessed that the effects of the amendments to other standards and interpretations will not have a material impact on the financial position and financial performance.

(III) IFRSs issued by the IASB but not yet approved and released by the FSC

New/Amended/Revised Standards and Interpretation	Effective Date per IASB (Note 1)
“Annual Improvements to IFRS Accounting Standards — Volume 11”	January 1, 2026
The amendments to the application of the liability derecognition in the amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts referencing nature-dependent electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and their Associate or Joint Venture”	Undetermined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17, “Initial application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note 1: Unless otherwise specified, the above-mentioned new/amended/revised standards or interpretation shall become effective in the annual reporting periods beginning on or after each effective date for such standards or interpretation.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 “Expression of Financial Statements”. The main changes include:

- Classify income and expenses into the categories of operating, investing and financing, the income taxes, and the discontinued operations.
- The income statement shall be reported as operating income, pre-tax income before financing, and the sum and total of profit and loss.
- Provide guidance to strengthen aggregation and segmentation: The Company must identify the assets, liabilities, equity, income, expenses and cash flows generated from individual transactions or other matters, and group and aggregate them based on common characteristics, so that each line item presented in the financial statements has at least one similar characteristic. Items that are dissimilar from other items should be disaggregated. The Company only labels such items as “other” when no it is unable to find a more informative label.
- Increasing the disclosure of the performance measurement defined by management: When the Company has open communication outside the financial statements, and when management’s view of the Company’s overall financial performance on a certain aspect is disclosed to users of the financial statements, it shall be disclosed in a separate note to the financial statements on performance measurements defined by management, including descriptions of the measurements, how to calculate them, reconciliations between them and any subtotals or totals specified in IFRS, and the impact of relevant adjustments on income tax and non-controlling interests, etc.

In addition to the above-mentioned effects, up to the approval and release date of the parent company only financial reports, the Company is still evaluating the impact of the amendments to various standards and interpretations on the financial position and performance on a continuous basis. The relevant impacts are disclosed after the assessment.

IV. Summary of significant accounting policies

(I) Statement of compliance

The parent company only financial reports were prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

(II) Basis for preparation

Except for the financial instruments measured at fair value and the net defined benefit assets recognized at the present value of defined benefit obligations less the fair value of the planned assets, the parent company only financial reports were prepared on the basis of historical cost.

Fair value measurements are classified into Levels 1, 2, and 3 based on the degree to which an input is observable and the significance of the input:

1. Level 1 inputs: refer to quoted prices in an active market for identical assets or liabilities that are accessible on the measurement date (before adjustment).
2. Level 2 inputs: refer to the inputs, other than the quoted prices included in Level 1, that are observable for assets or liabilities directly (namely, the price) or indirectly (namely, presumed from the price).
3. Level 3 inputs: refer to the inputs that are not observable for assets or liabilities.

During preparation of the parent company only financial reports, the Company adopted the equity method for investment in subsidiaries, associates, or joint ventures. To align the profit or loss, other comprehensive income and equity of the period in the consolidated financial statements with the profit or loss, other comprehensive income and equity of the year attributable to the owner of the Company in the parent company only financial reports, the differences between the accounting treatments under the parent company only and consolidated bases were treated through adjustment of related equity items, including “investment under the equity method,” “share of profit/loss of subsidiaries, associates and joint ventures under the equity method,” and “share of other comprehensive income of subsidiaries, associates, and joint ventures.”

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. assets held mainly for the purpose of trading;
2. assets expected to be realized within 12 months after the balance sheet date; and
3. cash or cash equivalents (excluding those that are restricted for being used for exchange or settlement of liabilities within 12 months after the balance sheet date).

Current liabilities include:

1. liabilities held mainly for the purpose of trading;
2. Liabilities due to be settled within 12 months after the balance sheet date; and
3. Liabilities that do not have substantial rights to defer the settlement period to at least 12 months after the balance sheet date.

Assets or liabilities that are not the above-mentioned current assets or current liabilities are classified as non-current assets or non-current liabilities. For the terms of a liability that may be settled by the transfer of the Company’s equity instruments at the option of the counterparty, if the Company classifies the option as an equity instrument, the terms and conditions do not affect the liability classification as current or non-current.

The Company engages in construction work with an operating cycle longer than a year. Assets and liabilities, with respect to the construction business, are classified as current or non-current based on the normal operating cycle.

(IV) Foreign currency

During preparation of the financial reports, the transactions using currencies other than the Company's functional currency (foreign currencies) were stated in the functional currency record based on the exchange rate on the date of transaction.

Monetary foreign currency items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from settlement or translation of the monetary items are recognized as profit or loss in the current period.

Non-monetary foreign currency items measured at fair value are translated at the exchange rate on the date of determining the fair value, and the exchange differences resulting therefrom are recognized as profit or loss in the current period. However, when changes in the fair value are recognized as other comprehensive income, the exchange differences arising therefrom are stated as the same.

Non-monetary foreign currency items measured at historical cost are translated at the exchange rate on the date of transaction and are not retranslated.

During preparation of the parent company only financial reports, the assets and liabilities of the Company and its foreign operations (including the subsidiaries, associates, joint ventures or branches with countries in which they operate or currencies they use different from those of the Company) were translated into NTD at the exchange rate on each balance sheet date. The income and expense items are translated at the average exchange rate of the period, and the exchange differences resulting therefrom are recognized as other comprehensive income.

(V) Inventory

Inventory included raw materials, work-in-progress goods and finished goods. The inventory is measured based on the lower of the cost or net realizable value. The cost and the net realizable value are compared on the basis of the individual items except for the inventories of the same type. Net realizable value refers to the estimated selling price in a normal situation less the estimated cost needed to complete the work and the estimated cost needed to complete the sale. The weighted average method is used to calculate the inventory cost.

(VI) Investment in subsidiaries

The Company deals with the investment in subsidiaries using the equity method.

A subsidiary refers to an entity controlled by the Company.

Under the equity method, the investment is initially recognized at its costs, and the amount of increase or decrease in the book value of such investment after the date of acquisition depends on the Company's shares of profits/losses and other comprehensive income in subsidiaries and the distributed profits. In addition, changes to the Company's equity in the subsidiaries are recognized based on the shareholding ratio.

Changes to the Company's equity ownership in the subsidiaries are deemed equity transactions when they do not result in loss of control. The difference between the book value of investment and the fair value of paid or received consideration is directly recognized in equity.

When the Company's shares of losses in the subsidiaries are equal to or exceed our equity in the subsidiaries (including the subsidiary's carrying amount under the equity method and other long-term equities that in nature are part of the net investment portfolio made by the Company in the subsidiary concerned), we continue recognition for losses based on our shareholding ratio.

The unrealized profit or loss from the downstream transactions between the Company and subsidiaries is removed in the parent company only financial reports. The profit or loss generated from the upstream and side stream transactions between the Company and subsidiaries is recognized in the parent company only financial reports only when such profit or loss is irrelevant to the Company's equity in the subsidiaries.

(VII) Property, plant and equipment

The property, plant and equipment are recognized in accordance with the cost and subsequently measured based on the cost net of accumulated depreciation and impairment losses.

Except for the self-owned land, each significant part of the property, plant and equipment is separately depreciated on the straight-line basis over its useful life. The Company reviews the estimated useful life, residual value and method of depreciation at least on the end day of each year and prospectively recognize the effect from changes in accounting estimates.

For derecognition of the property, plant and equipment, the difference between the net disposal proceeds and the asset book value is recognized as profit or loss.

(VIII) Intangible assets

1. Acquired separately

Intangible assets with limited useful life acquired separately are initially measured in accordance with the cost and subsequently based on the cost net of accumulated amortization and impairment losses. Intangible assets are amortized on the straight-line basis over its useful life. The Company reviews the estimated useful life, residual value and method of amortization at least on the end day of each year and prospectively recognizes the effect from changes in accounting estimates. Intangible assets with indefinite useful life are recognized based on the cost net of accumulated impairment losses.

2. Derecognition

For derecognition of the intangible assets, the difference between the net disposal proceeds and the asset book value is recognized as profit or loss of the period.

(IX) Impairments of property, plant and equipment, right-of-use assets, intangible assets, and contract cost related assets

The Company assess whether there are any signs indicating that any property, plant and equipment, right-of-use assets, and intangible assets may be impaired on each balance sheet date. If there are any such signs, the recoverable amount of the assets is estimated. When the recoverable amount of individual assets cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment at least annually or when there is any sign of impairment.

The recoverable amount is the higher of the fair value less costs of sale and the value in use. When the recoverable amount of any individual assets or cash-generating units is less than the book value, the book value of the individual assets or cash-generating units is adjusted down to the recoverable amount, and the impairment loss is recognized as profit or loss.

The impairment for the inventory, property, plant and equipment as well as intangible assets recognized due to customer contrasts is first recognized in accordance with the inventory impairment regulations and the aforesaid requirements. The excess of the book value of contract cost-related assets over the consideration that can be received for providing relevant goods or services net of relevant direct costs is recognized as impairment losses thereafter. The book value of the contract cost-related assets is then included in the cash-generating unit to which the assets belong in order to perform impairment assessment for the cash-generating unit.

When the impairment loss is reversed subsequently, the book value of the asset, cash-generating unit or contract cost-related assets is adjusted up to the revised recoverable amount. However, the increased book value does not exceed the book value (less the amortization or depreciation) determined under the circumstance that the impairment loss of the assets, cash-generating unit or contract cost-related assets is not recognized in the previous year. The reversal of the impairment loss is recognized as profit or loss.

(X) Financial instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheet when the Company became a party of the financial instrument contract.

For initial recognition of the financial assets and financial liabilities, when the financial assets or financial liabilities are not measured at fair value through profit or loss, the assets or liabilities are measured at the fair value plus any transaction cost directly attributable to acquisition or issuance of the financial assets or financial liabilities. Any transaction cost measured at fair value through profit or loss directly attributable to the acquisition or issuance of the financial assets or financial liabilities is immediately recognized as profit or loss.

1. Financial assets

The regular transactions of financial assets are recognized and derecognized based on the accounting on the transaction date.

(1) Type of measurements

The financial assets held by the Company are those measured at fair value through profit or loss and at amortized cost as well as investment in equity instruments measured at fair value through other comprehensive income.

A. Financial assets measured at fair value through profit or loss

Financial assets that are measured at fair value through profit or loss must be measured at fair value through profit and loss. The financial assets mandatorily designated to be measured at fair value through profit and loss include the investment in equity instruments that the Company does not designate to be measured at fair value through other comprehensive income, and the investment in liability instruments that are not qualified to be classified as those measured at amortized cost or measured at fair value through other comprehensive income.

The financial assets measured at fair value through profit or loss are measured at fair value. Dividends and interest are recognized in other income and interest income, respectively. The profit or loss generated from remeasurement is recognized in other profit or loss. For determination of the fair value, please refer to Note 33.

B. Financial assets measured at amortized cost

When the Company's invested financial assets meet both of the following two conditions, they are classified as financial assets measured at amortized cost:

- a. The financial assets held under a business model with the purpose of holding these assets to collect contractual cash flows; and
- b. The contractual terms generate cash flows on a specific date that are solely payments of principal and interest.

After the initial recognition, the financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost) are measured based on the amortized cost equal to the total book value determined under the effective interest method less any impairment losses, and any profit or loss from foreign currency translation is recognized as profit or loss.

Except for the following two circumstances, the interest income is calculated as the effective interest rate times the total book value of financial assets:

- a. For purchased or originated credit-impaired financial assets, the interest income is calculated as the credit-adjusted effective interest rate times the amortized cost of the financial assets.
- b. For financial assets originally not purchased or originated credit-impaired but subsequently becoming credit-impaired, the interest income is calculated as the effective interest rate times the amortized cost of the financial assets in the next reporting period after the credit impairment.

Credit-impaired financial assets represent significant financial difficulties confronting the issuer or debtor, default, the circumstance that the debtor is likely to file for bankruptcy or other financial reorganization, or that the active market of financial assets disappears due to financial difficulties.

Cash equivalents include highly liquid time deposits that can be converted into defined amounts of cash at any time within 3 months after the date of acquisition and are subject to an insignificant risk of changes in value, and are used to meet short-term cash commitments.

- C. Investment in equity instruments measured at fair value through other comprehensive income

At initial recognition, the Company may make an irrevocable election to measure the investment in equity instruments held not for trading and not recognized by the acquirer in a business merger or with consideration at fair value through other comprehensive income.

Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value. Subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity. For disposal of the investment, any cumulative profits or losses are directly transferred to retained earnings and not reclassified as profit or loss.

After the Company's right to receive dividends is determined, the dividends of investment in equity instruments measure at fair value through other comprehensive income are recognized in profit or loss except that such dividends apparently represent a partial return of the investment cost.

- (2) Impairment of financial and contractual assets

The Company assesses impairment losses on the financial assets (including accounts receivable) measured according to amortized cost based on the expected credit losses on each balance sheet date.

Loss allowances for accounts receivable and contract assets are recognized based on the lifetime-expected credit losses. The Company first assesses whether the credit risk on other financial assets significantly increases after the initial recognition. When the increase is not significant, the loss allowance for the financial assets is recognized based on the 12-month expected credit losses; when the increase is significant, it is recognized based on the lifetime-expected credit losses.

The expected credit losses are the average credit losses weighted by the risk of default. 12-month expected credit losses represent the expected credit losses on financial instruments from any potential default within 12 months after the reporting date. Lifetime-expected credit losses represent the expected credit losses on financial instruments from any potential default during the expected lifetime.

For the purpose of internal credit risk management, financial assets are deemed to be defaulted when the following circumstance occurred, without consideration of the collateral held:

- A. Any internal or external information indicates that a debtor is impossible to pay off the debts.
- B. Any payment is overdue more than 365 days, unless any reasonable and supportable information makes it appropriate to postpone the default criteria.

The impairment loss on all financial assets is deducted from the book value of the financial assets through allowance accounts. However, the loss allowance of the investment in liability instruments measured at fair value through other comprehensive income is recognized as other comprehensive income, and the book value thereof is not reduced.

(3) Derecognition of financial assets

The Company removes financial assets only when the contractual rights to the cash flows from the assets become invalid, or the financial assets and almost all the risks and returns over the ownership of the financial assets are transferred to other companies.

For removal of the entire financial assets measured at amortized cost, the differences between the book value and the received consideration were recognized in profit or loss. Upon derecognition of the entire investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss is directly transferred to retained earnings and not reclassified as profit or loss.

2. Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the definition of real and financial liabilities as well as equity instruments under the terms and conditions of the contracts.

The equity instruments issued by the Company are recognized at the payment net of the direct cost of issuance.

When a reacquired equity instrument is originally owned by the Company, the re-acquisition is recognized as a deduction from equity. Purchase, sale, issuance or cancellation of the equity instruments owned by the Company are not recognized as profit or loss.

3. Financial liabilities

(1) Subsequent measurement

Except for the following circumstances, all financial liabilities are measured at amortized cost under the effective interest method:

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are the financial liabilities held for transactions.

Financial liabilities held for trading are measured at fair value, and the related gains or losses are recognized in other gains and losses.

For determination of the fair value, please refer to Note 33.

(2) Derecognition of financial liabilities

For derecognition of financial liabilities, the differences between the book value and the consideration paid (including any non-cash assets transferred and any liabilities assumed) are recognized as profit or loss.

4. Convertible bonds

The compound financial instruments (convertible corporate bonds) issued by the Company are classified into financial liabilities and equity at the time of initial recognition in accordance with the substance of the contractual agreements and the definition of financial liabilities and equity instruments.

At the time of initial recognition, the fair value of the elements of liabilities is estimated based on the market interest rate of similar non-convertible instruments, and the amortized cost measured by the effective interest method before the conversion or maturity date. The liabilities of the non-equity derivative are measured at fair value.

The conversion of equity is equal to the remaining amount of the overall fair value of the instrument less the fair value of the liability determined separately, and is recognized as equity after deducting the income tax effect, and is not subsequently measured. When the conversion option is exercised, the relevant liabilities and the amount of equity will be transferred to the capital stock and capital reserve - premium. If the conversion rights of convertible corporate bonds are not exercised on the maturity date, the amount recognized in equity will be transferred to capital reserve - issue premium.

The related transaction cost of the convertible corporate bonds is allocated to the liabilities of the instrument (recognized in the book value of the liabilities) and equity components (recognized in equity) in proportion to the total price allocated.

(XI) Liability reserve

The amount recognized as a liability reserve is the best estimate of the expenses needed to settle the obligation on the balance sheet date in consideration of the risks and uncertainty of the obligation. The liability reserves are measured based on the estimated discounted cash flow for settlement of the obligation.

1. Onerous contract

When the unavoidable cost for fulfillment of contractual obligations is expected to exceed the expected economic benefit from the contract, the present obligation deriving from the onerous contract is recognized as liability reserve.

2. Warranty

The warranty obligation to guarantee that products conform to the agreed specification is recognized based on the best estimate made by the management for the expenses needed to settle the Company's obligation when the revenue of the relevant commodities is recognized.

(XII) Recognition of revenue

After our recognition of performance obligations under a contract with clients, we allocate the transaction price to each performance obligation and recognize the allocated amount in revenue after each performance obligation is met.

For the contract in which transfer of commodities or services and collection of considerations are conducted at an interval within 1 year, the transaction price is not adjusted for significant financing components.

1. Revenue from sale of commodities

Revenue from sale of commodities is generated from the sales of products. Once the products are delivered to the customer-designated location and accepted by the customer, the customer is entitled to the products' price determination and right of use, has the main responsibility to resell the products, and takes the risk that the products might become outdated. Therefore, the revenue and accounts receivable are recognized at that point of time.

2. Service income

Service income derives from repair of equipment.

With provision of the equipment repair service from the Company, the customer acquires and consumes the benefit from performance of the contract. Related income is recognized when services are provided. Involvement of technicians is need for repair of equipment. The Company measures the progress of the work based on the percentage of the incurred man-hours in the estimated total man-hours. Since payment is made after completion of the repair as agreed in the contract, the Company recognizes the service income as contract assets when the service is provided and transfer it to account receivable when the repair is completed.

3. Project income

Since the cost of construction is directly related to the percentage of fulfillment of the contractual obligation, the Company measures the progress based on the percentage of the actually invested cost in the estimated total cost. The Company progressively recognizes contract assets during the construction and transfers them to accounts receivable when billing. If the construction project proceeds received exceed the revenue recognized, the difference is recognized as contract liabilities. Construction retainage retained by customers according to contractual terms and conditions is to ensure that the Company fulfills all the contractual obligation thereof and is recognized as contract assets before the fulfillment of the contract.

If the result of the fulfillment cannot be measured reliably, the contract income is recognized only within the scope of the actually incurred contract fulfillment cost expected to be recovered.

(XIII) Lease

We assess whether an agreement is (or contains) a lease on the date of entering into the agreement.

1. The Company is the lessor

A lease is classified as finance leases when almost all the risks and returns attached to the ownership of assets are transferred to the lessee according to the terms and conditions, and all the other leases are classified as operating leases.

The lease payment under operating leases less lease incentives is recognized as profit on the straight-line basis over the lease term. The original direct cost generated from the acquisition of the operating leases plus the book value of underlying assets is recognized as expenses on the straight-line basis over the lease term. The lease agreement with the lessee is dealt with as a new lease from the effective date of lease modification.

2. The Company is the lessee

The lease payment from the leases of low-value underlying assets to which the exemption of recognition is applied and short-term lease is recognized as expenses on the straight-line basis over the lease term, while right-of-use assets and lease liabilities with respect to other leases are recognized on the lease commencement date.

The right-of-use assets are initially measured based on the cost (including the initial recognized amount of lease liabilities, the lease payment paid before the lease commencement date less the lease incentives received, the initial direct cost and the cost estimated to restore the underlying asset) and subsequently measured based on the cost net of accumulated depreciation and accumulated impairment losses, and then the remeasurement of the lease liabilities is adjusted. The right-of-use assets are separately presented in the parent company only balance sheet.

The right-of-use assets are depreciated on the straight-line basis over the period from the lease commencement date to the expiration of the useful life or the lease period, whichever is sooner.

The lease liabilities were initially measured based on the present value of lease payments (including fixed payments). If the interest rate implicit in a lease could be readily determined, the lease payments were discounted at the interest rate. When such interest rate cannot be readily determined, the lessee's incremental borrowing rate of interest is used.

Subsequently, the lease liabilities are measured at amortized cost under the effective interest method, and the interest expenses are amortized over the lease term. When any changes in the lease term resulted in changes to the future lease payments, we remeasured the lease liabilities and adjusted the right-of-use assets accordingly. However, the residual remeasurement was recognized in profit or loss when the book value of right-of-use assets was reduced to zero. For the lease modification not dealt with as a single lease, the remeasurement of the lease liabilities due to reduction of the lease scope is conducted to reduce the right-of-use assets and recognized in profit or loss in terms of termination of any part of all of the lease; the remeasurement of the lease liabilities due to other modifications is conducted for adjustment of the right-of-use assets. The lease liabilities are separately presented in the parent company only balance sheet.

(XIV) Government grants

The government subsidies shall only be recognized when it is reasonable to ensure that the Company will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively.

Government subsidies related to any gains are recognized in other revenue on a systematic basis within the period when the costs to be subsidized by the government are recognized in expenses by the Company. Government grants for which the acquisition of non-current assets in a purchase or building manner or in other manners by the Company is necessary are recognized as deferred income and transferred to profit or loss on a reasonable and systematic basis over the useful life of the relevant assets.

If the government subsidies are used to make up the expenses or losses that have occurred, or immediately support the finance of the Company and there is no future cost, such subsidies are recognized in profit or loss during the period when they can be received.

(XV) Employee benefits

1. Short-term employee benefits

Liabilities related to employee benefits are measured at non-discounted amount expected to be paid against the services to be provided by the employees.

2. Retirement benefits

Every pension fund contributed under the defined pension appropriation plan is recognized as expenses during the period when employees provide services.

Defined retirement benefit costs (including servicing costs, net interest, and remeasurement) under the defined retirement benefit plan are calculated actuarially using the projected unit credit method. Service costs (including current service cost, prior service cost, and settlement gains or losses) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expenses as they incur or when the settlement incurs. Remeasurement (including actuarial profits or losses and return on plan assets net of interest) is recognized in other comprehensive income and presented in retained earnings when it occurs. It is not reclassified as profit or loss in the subsequent periods.

Net defined benefit liabilities (assets) represent the contribution deficit (surplus) in the defined retirement benefit plan. Net defined benefit assets shall not exceed the present value of contribution refunded from the defined retirement benefit plan or future deductible contribution.

(XVI) Share-based payment arrangement

Employee stock options for employees

The employee stock options are recognized as expenses based on the fair value of equity instruments on the grant date and the best estimate of the vested amount on the straight-line basis over the vesting period, while the capital reserve – employee stock options is adjusted. If the amount is immediately vested on the grant date, it is recognized as expenses on that date. The Company's capital increase in cash reserved for employee subscription. The grant date is the date of notification to employees.

(XVII) Income tax

The income tax expenses are the total of current and deferred income taxes.

1. Current income tax

The Company determines the current income (loss) in accordance with the Income Tax Act of the Republic of China, and calculates the income tax payable (recoverable) accordingly.

The additional income tax on undistributed earnings calculated according to the Income Tax Act of the Republic of China is recognized in the year when the related resolution is made at the shareholders' meeting.

The adjustments to the income tax payable in the previous year are recognized in the current income tax.

2. Deferred income tax

The deferred income taxes are calculated based on the temporary difference between the book value of assets and liabilities in the book and the tax base for calculation of taxable income.

Deferred income tax liabilities are generally recognized based on all taxable temporary differences; deferred income tax assets are recognized when we are likely to have taxable income available to offset the income tax arising from deductible temporary differences, loss carryforwards, purchase of machinery/equipment, R&D and talent training.

Taxable temporary differences generated from investment in subsidiaries, associates and joint arrangements are recognized in deferred income tax liabilities except where the Company can control the timing of reversal of the taxable temporary differences, and where such differences are not likely to be reversed in the foreseeable future. Deductible temporary differences related to such investment are recognized, to the extent that they are expected to be reversed in the foreseeable future, as deferred income tax assets only when we are likely to have taxable income adequate to realize the temporary differences.

The book value of deferred income tax assets is reviewed at each balance sheet date. When any of the deferred income tax assets is not likely to have taxable income adequate to return all or part of the assets anymore, the book value thereof is reduced. Those that are not originally recognized as deferred income tax assets are reviewed at each balance sheet date. When any of those is likely to generate taxable income adequate to return all or part of the assets in the future, the book value thereof is increased.

The deferred income tax assets and liabilities are measured at the tax rate of the period in which the liabilities or assets are expected to be settled or realized. The tax rate is subject to the tax rate and tax laws legislated or substantively legislated on the balance sheet date. The deferred income tax liabilities and assets are measured to reflect the tax on the balance sheet date arising from the method that we expect to use to recover or settle the book value of the liabilities and assets.

3. Current and deferred income taxes

The current and deferred income taxes are recognized as profit or loss other than those related to the titles stated as other comprehensive income or as equity directly, which are recognized in other comprehensive income separately or in equity directly.

V. Major sources of uncertainty of significant accounting judgments, estimates, and assumptions

For adoption of the accounting policies, our management must make judgments, estimates and assumptions related to the information that cannot be readily acquired from other sources based on historical experience and other relevant factors. The actual results may differ from those estimates.

When the Company develops significant accounting estimates, it takes into account the possible impact of inflation and market interest rate fluctuations in the estimation of cash flow, growth rate, discount rate, and profitability. Management will continue to review estimates and underlying assumptions.

Main sources of uncertainties of estimates, and assumptions

Construction contracts

The construction profit or loss of a construction contract is recognized in revenue and cost with reference to the completion level of the contractual activities. The completion level is measured based on the percentage of the contract cost incurred to the completed works up to now in the estimated total contract cost.

Since the estimated total cost and contract items are derived by management from assessment and judgment of the nature of individual products, expected outsourcing price, project period, construction project, and construction method, they may affect the calculation of the completion percentage and construction profit/loss. (Please refer to Note 25.)

VI. Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and working capital	\$ 1,278	\$ 1,079
Bank check and demand deposit	380,723	195,181
Cash equivalents (investment with an initial maturity date within 3 months)		
Bank time deposit	<u>1,061,794</u>	<u>420,667</u>
	<u>\$ 1,443,795</u>	<u>\$ 616,927</u>

Interest rate range of bank deposits on the balance sheet date

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Bank deposit	0.002%~0.8%	0.001%~1.45%
Bank deposit with an initial maturity date within 3 months	1.46%~2.75%	1.45%~5.48%

VII.	<u>Financial instruments measured at fair value through profit or loss</u>		
		<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Financial assets – current</u>		
	Mandatory measurement at fair value through profit or loss		
	Non-derivative financial assets		
	– Overseas listed (OTC) stocks	\$ 11,091	\$ 13,034
	– Fund beneficiary certificates	-	164,243
		<u>\$ 11,091</u>	<u>\$ 177,277</u>
		<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Financial assets – non-current</u>		
	Mandatory measurement at fair value through profit or loss		
	Non-derivative financial assets		
	– Domestic non-listed (non-OTC) stocks	<u>\$ 159,157</u>	<u>\$ 131,797</u>
	<u>Financial liabilities – non-current</u>		
	Mandatory measurement at fair value through profit or loss		
	Non-derivatives		
	- Redemption of convertible bonds	<u>\$ 3,900</u>	<u>\$ -</u>
VIII.	<u>Financial assets measured at fair value through other comprehensive income</u>		
	<u>Investment in equity instruments</u>		
		<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Non-current</u>		
	Domestic investment		
	Non-listed (Non-OTC) stock		
	Common stock of United Information System Service Co., Ltd.	\$ 31,442	\$ 33,267
	Common stock of Ecatch Automation Co., Ltd.	900	900
	Meng-Lue Venture Investment Limited Partnership	15,000	15,000
	Common stock of Wonder Automation Co., Ltd.	10,000	10,000
	Common stock of MetAI Technology Co., Ltd.	19,952	-
	Common stock of DARA POWER Co., Ltd.	10,000	-
		<u>\$ 87,294</u>	<u>\$ 59,167</u>

The Company invests in the listed stocks for medium and long-term strategic purposes, and expects to make profits through long-term investments. Since the Company's management deemed that the recognition of short-term changes in the investment's fair value in profit or loss was not consistent with the said long-term investment plan, they opted to have the investment measured at fair value through other comprehensive income.

IX. Financial assets measured at amortized cost

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Domestic investment		
Time deposit with an initial maturity date over 3 months	\$ 138,524	\$ 166,248
Less: Loss allowance	-	-
	<u>\$ 138,524</u>	<u>\$ 166,248</u>
<u>Non-current</u>		
Domestic investment		
Time deposit with an initial maturity date over 3 months	\$ 49,392	\$ 69,930
Less: Loss allowance	-	-
	<u>\$ 49,392</u>	<u>\$ 69,930</u>

- (I) As of December 31, 2024 and 2023, the interest rate range of the time deposit with an initial maturity date over 3 months was 0.675%–4.20% and 0.55%–5.64%, respectively.
- (II) For more information on the pledge of the financial assets measured at amortized cost, refer to Note 35.

X. Notes/accounts receivable and other receivables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Notes receivable</u>		
Measurement at amortized cost		
Total book value	\$ 53	\$ 27
Less: Loss allowance	-	-
	<u>\$ 53</u>	<u>\$ 27</u>
<u>Accounts receivable</u>		
Measurement at amortized cost		
Total book value	\$ 307,524	\$ 376,079
Less: Loss allowance	-	-
	<u>\$ 307,524</u>	<u>\$ 376,079</u>
Accounts receivable – related parties (Note 34)	<u>\$ 127,535</u>	<u>\$ 43,207</u>
<u>Other receivables</u>		
Interest receivable	\$ 7,049	\$ 6,118
Proceeds receivable from disposal of investments	6,260	7,745
Government grants receivable (Note 30)	1,364	6,507
Others	6	2,356
	<u>\$ 14,679</u>	<u>\$ 22,726</u>
Other receivables – related parties (Note 34)	<u>\$ 100,538</u>	<u>\$ 439</u>

(I) Notes and accounts receivable

The Company provides an O/A 30-to-90-day credit period on average for sale of commodities, and interest does not accrue on accounts receivable. When determining the recoverability of accounts receivable, the Company considers any changes in their credit quality from the original credit date to the balance sheet date. Since the historical experience tells that the accounts receivable overdue for more than 1 year are not recoverable, the Company recognizes the accounts receivable of more than 1 year in 100% loss allowance. As for the loss allowance of the accounts receivable within 1 year, the amount not recoverable is estimated with reference to the previous default record current financial status of the counterparty.

We recognize the loss allowance for accounts receivable based on the lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix with consideration of customers' historical default records and current financial position, industrial and economic environments, GDP forecasts and industrial prospects. Since our historical experience of credit losses show no significant difference in the type of loss between different clients, the customers are not further classified in the provision matrix. We only set the expected credit loss rate based on the days overdue of accounts receivable.

When there is any evidence showing that the trading counterparty is facing serious financial difficulties and we cannot estimate a reasonable recoverable amount (for example, the trading counterparty is undergoing liquidation or any debt has been overdue for more than 365 days), the Company directly write off related accounts receivable, continue to claim for payment, and recognize the recovered amount therefrom in profit or loss.

Our loss allowance for notes and accounts receivable measured using the provision matrix are as follows:

December 31, 2024

	Not overdue	1–90 days overdue	91–180 days overdue	181–365 days overdue	More than 365 days overdue	Total
Percentage of expected credit losses	0%	0%	0%	0%	100%	
Total book value	\$ 435,112	\$ -	\$ -	\$ -	\$ -	\$ 435,112
Loss allowance (lifetime expected credit losses)	-	-	-	-	-	-
Amortized cost	<u>\$ 435,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,112</u>

December 31, 2023

	Not overdue	1–90 days overdue	91–180 days overdue	181–365 days overdue	More than 365 days overdue	Total
Percentage of expected credit losses	0%	0%	0%	0%	100%	
Total book value	\$ 419,313	\$ -	\$ -	\$ -	\$ -	\$ 419,313
Loss allowance (lifetime expected credit losses)	-	-	-	-	-	-
Amortized cost	<u>\$ 419,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 419,313</u>

Information on changes in the allowance for losses on notes receivable and accounts receivable is as follows:

	<u>2024</u>	<u>2023</u>
Balance – beginning of the year	\$ -	\$ -
Add: Written-off bad debts recovered	4,620	13,860
Less: Impairment loss reversed in the year	(<u>4,620</u>)	(<u>13,860</u>)
Balance – ending of the year	<u>\$ -</u>	<u>\$ -</u>

(II) Other receivables

The interest of the loans that the Company provides to related parties is calculated with reference to the market rate. Interest does not accrue on other receivables. When determining the recoverability of other receivables, the Company considers any changes in their credit quality from the original credit date to the balance sheet date. Since the historical experience tells that other receivables overdue for more than 1 year are not recoverable, the Company recognizes other receivables of more than 1 year in 100% loss allowance. As for the loss allowance of other receivables within 1 year, the amount not recoverable is estimated with reference to the previous default record current financial status of the counterparty.

As of December 31, 2024 and 2023, the Company had no other receivables that were overdue but not yet recognized as bad debt.

XI. Inventory

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Work in process	\$ 19,621	\$ 4,240
Raw material	320,747	225,899
Finished goods	<u>10,162</u>	<u>7,643</u>
	<u>\$ 350,530</u>	<u>\$ 237,782</u>

The nature of costs of sales is shown below:

	<u>2024</u>	<u>2023</u>
Cost of inventory sold	\$ 26,647	\$ 19,355
Loss (reversal of loss) on inventory valuation	(<u>6,668</u>)	<u>27,709</u>
	<u>\$ 19,979</u>	<u>\$ 47,064</u>

The increase in the net realizable value of inventories was due to the increase in the selling price of the inventories in a specific market.

XII. Investment under the equity method

Investment in subsidiaries

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Publicly quoted company		
Tainergy Tech. Co., Ltd.	\$ 437,914	\$ 554,731
Non-publicly quoted entity		
KENTEC INC.	638,578	914,528
Kenmec International Holding (BVI) Co., Ltd.	320,886	188,282
KENMEC VIETNAM COMPANY LIMITED	111,570	104,647
TAISIC MATERIALS CO.	(122,651)	(10,381)
Hua-Xia Construction Co., Ltd.	100,111	187,929
Chief Global Logistics Co., Ltd.	5,101	13,896
KENMEC AUTOMATION ENGINEERING (THAILAND) Co., Ltd.	102,945	21,205
Kenmec Communication Holding (BVI) Co., Ltd.	<u>366,565</u>	<u>365,298</u>
	1,961,019	2,340,135
Add: Investment credit balance under equity method	<u>122,651</u>	<u>10,381</u>
	<u>\$ 2,083,670</u>	<u>\$ 2,350,516</u>

<u>Name of the subsidiary</u>	<u>Proportion of Ownership and Voting Right</u>	
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Tainergy Tech. Co., Ltd.	27.17%	27.17%
KENTEC INC.	89.16%	89.16%
Kenmec International Holding (BVI) Co., Ltd.	100%	100%
KENMEC VIETNAM COMPANY LIMITED	100%	100%
TAISIC MATERIALS CO.	8.8%	8.8%
Hua-Xia Construction Co., Ltd.	100%	100%
Chief Global Logistics Co., Ltd.	52%	52%
KENMEC AUTOMATION ENGINEERING (THAILAND) Co., Ltd.	99.9999%	99.9996%
Kenmec Communication Holding (BVI) Co., Ltd.	60%	60%

In November 2023, in response to the Group's operational plan, the Company adjusted the investment structure of Kenmec Communication, which was a 100%-owned subsidiary of Kentec, into a subsidiary of the Company, in which the Company now owns 60% and Kentec now owns 40%.

The Company has a shareholding of 27.17% in Tainergy Tech. Co., Ltd. and, nevertheless, has substantial control over the company. It is thus incorporated as a subsidiary of the Company.

The company has a shareholding of 8.8% in Taisic Materials Co. and Tainergy Tech. Co., Ltd., a subsidiary of the Company, has a shareholding of 47.66% in Taisic Materials Co. Since the Company has substantial control over the Taisic Materials Co., it is incorporated as a subsidiary of the Company.

KENMEC AUTOMATION ENGINEERING (THAILAND) Co., Ltd., located in Bangkok, Thailand, was established in June 2023 and is 99.99% invested by the Company. The Company increased its capital by THB 10,000 thousand (NTD 8,920 thousand) in February 2024 and by THB 78,000 thousand (NTD 73,944 thousand) in November 2024. As of December 31, 2024, the Company's capital contribution totaled NTD 105,589 thousand (THB 113,000 thousand).

In October 2024, the Company participated in the capital increase of cash of Chief Global Logistics in the amount of NTD 5,200 thousand based on its shareholding ratio.

In December 2024, Hua Xia Company arranged a capital decrease in cash of NTD 100,000 thousand and refunded the shares to the Company.

In February 2025, the Company participated in the capital increase of cash of Taisic Materials in the amount of NTD 39,600 thousand based on its shareholding ratio.

XIII. Property, plant and equipment

	Land	House and building	Machinery and equipment	Transport equipment	Office equipment	Leasehold improvement	Other equipment	Uncompleted construction	Total
<u>Cost</u>									
Balance on January 1, 2024	\$ 2,106,082	\$ 995,449	\$ 302,587	\$ 36,993	\$ 64,597	\$ 8,468	\$ 3,259	\$ 23,950	\$ 3,541,385
Addition	-	10,861	16,580	-	18,910	438	951	25,224	72,964
Disposal	-	-	(23)	(770)	(1,205)	(7,252)	-	-	(9,250)
Reclassification	-	-	412	-	-	-	-	-	412
Balance on December 31, 2024	\$ 2,106,082	\$ 1,006,310	\$ 319,556	\$ 36,223	\$ 82,302	\$ 1,654	\$ 4,210	\$ 49,174	\$ 3,605,511
<u>Accumulated depreciation and impairment</u>									
Balance on January 1, 2024	\$ -	\$ 307,158	\$ 161,270	\$ 30,947	\$ 43,899	\$ 8,468	\$ 3,020	\$ -	\$ 554,762
Depreciation expenses	-	37,819	23,035	2,318	9,176	36	250	-	72,634
Disposal	-	-	(23)	(770)	(1,205)	(7,252)	-	-	(9,250)
Balance on December 31, 2024	\$ -	\$ 344,977	\$ 184,282	\$ 32,495	\$ 51,870	\$ 1,252	\$ 3,270	\$ -	\$ 618,146
Net amount on December 31, 2024	\$ 2,106,082	\$ 661,333	\$ 135,274	\$ 3,728	\$ 30,432	\$ 402	\$ 940	\$ 49,174	\$ 2,987,365
<u>Cost</u>									
Balance on January 1, 2023	\$ 865,945	\$ 442,433	\$ 303,256	\$ 40,074	\$ 62,809	\$ 8,468	\$ 3,066	\$ 11,627	\$ 1,737,678
Addition	1,240,137	553,016	4,635	-	11,050	-	193	12,323	1,821,354
Disposal	-	-	(11,399)	(3,081)	(6,062)	-	-	-	(20,542)
Reclassification	-	-	6,095	-	(3,200)	-	-	-	2,895
Balance on December 31, 2023	\$ 2,106,082	\$ 995,449	\$ 302,587	\$ 36,993	\$ 64,597	\$ 8,468	\$ 3,259	\$ 23,950	\$ 3,541,385
<u>Accumulated depreciation and impairment</u>									
Balance on January 1, 2023	\$ -	\$ 286,760	\$ 128,509	\$ 31,236	\$ 42,116	\$ 8,454	\$ 2,950	\$ -	\$ 500,025
Impairment loss	-	-	14,052	-	-	-	-	-	14,052
Depreciation expenses	-	20,398	28,916	2,792	7,845	14	70	-	60,035
Disposal	-	-	(10,207)	(3,081)	(6,062)	-	-	-	(19,350)
Balance on December 31, 2023	\$ -	\$ 307,158	\$ 161,270	\$ 30,947	\$ 43,899	\$ 8,468	\$ 3,020	\$ -	\$ 554,762
Net amount on December 31, 2023	\$ 2,106,082	\$ 688,291	\$ 141,317	\$ 6,046	\$ 20,698	\$ -	\$ 239	\$ 23,950	\$ 2,986,623

The Company did not recognize or reverse impairment loss in 2024.

In 2023, as assessed by management of Kentec, an entity of the Company, the sales of some heat transfer products were poor and, thus, the machine and equipment used for the production of these products lost their value. Hence, management recognized NTD 14,052 thousand as annual impairment loss in 2023. The impairment loss was stated under other gains and losses in the parent company only statement of comprehensive income.

The depreciation expense was calculated on the straight-line basis over the following useful lives:

Land improvement	0–50 years
House and building	2–40 years
Machinery and equipment	1–20 years
Transport equipment	6–7 years
Office equipment	2–11 years
Leasehold improvement	2–16 years
Other equipment	3–6 years

For the amount of the property, plant and equipment pledged as collateral for loans, please refer to Note 35.

XIV. Lease agreement

(I) Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Book value of right-of-use assets		
Building	\$ 318,442	\$ 346,767
Transport equipment	5,984	7,590
Land	506	1,339
	<u>\$ 324,932</u>	<u>\$ 355,696</u>
	<u>2024</u>	<u>2023</u>
Addition of right-of-use assets	<u>\$ 698</u>	<u>\$ 20,628</u>
Lease modification of right-of-use assets	<u>\$ 7,662</u>	<u>\$ 2,345</u>
De-recognize the right-of-use assets	<u>(\$ 3,670)</u>	<u>(\$ 63)</u>
Depreciation expense of right-of-use assets		
Building	\$ 32,136	\$ 25,724
Transport equipment	2,305	1,839
Land	1,013	74
	<u>\$ 35,454</u>	<u>\$ 27,637</u>

The Company did not recognize or reverse impairment loss in 2024 and 2023.

(II) Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Book value of lease liabilities		
Current	\$ 21,277	\$ 28,768
Non-current	<u>239,677</u>	<u>255,422</u>
	<u>\$ 260,954</u>	<u>\$ 284,190</u>

The discount rate for lease liabilities is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Building	1.68%~2.1%	1.68%~2.1%
Transport equipment	2.1%	2.1%
Land	2.1%	2.1%

(III) Other lease information

	<u>2024</u>	<u>2023</u>
Short-term lease and lease expense of low-value assets	\$ <u>5,556</u>	\$ <u>7,356</u>
Total cash (outflow) amount for lease	(\$ <u>38,465</u>)	(\$ <u>31,957</u>)

The Company opts to apply the exemption of recognition to the lease of property which is qualified as a short-term lease or a lease of low-value assets, and does not recognize right-of-use assets and lease liabilities with respect to such lease.

XV. Other intangible assets

	<u>Computer software</u>
<u>Cost</u>	
Balance on January 1, 2024	\$ 43,097
Acquired separately	<u>1,995</u>
Balance on December 31, 2024	\$ <u>45,092</u>
<u>Accumulated amortization</u>	
Balance on January 1, 2024	\$ 33,076
Amortization expenses	<u>6,044</u>
Balance on December 31, 2024	\$ <u>39,120</u>
Net amount on December 31, 2024	\$ <u>5,972</u>
<u>Cost</u>	
Balance on January 1, 2023	\$ 40,477
Acquired separately	<u>2,620</u>
Balance on December 31, 2023	\$ <u>43,097</u>
<u>Accumulated amortization</u>	
Balance on January 1, 2023	\$ 26,839
Amortization expenses	<u>6,237</u>
Balance on December 31, 2023	\$ <u>33,076</u>
Net amount on December 31, 2023	\$ <u>10,021</u>

The amortization expense was calculated on the straight-line basis over the following useful lives:

Computer software	1-3 years
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Summary of amortization expenses by function:

	<u>2024</u>	<u>2023</u>
Operating costs	\$ 2,036	\$ 2,743
Marketing expense	674	827
Administrative expense	2,506	1,696
R&D expense	<u>828</u>	<u>971</u>
	\$ <u>6,044</u>	\$ <u>6,237</u>

XVI. Other assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Prepayments		
Prepayments for purchase (Note 34)	\$ 89,918	\$ 61,904
Prepaid expenses	46,658	35,714
Overpaid tax retained for offsetting the future tax payable	-	21,002
	<u>\$ 136,576</u>	<u>\$ 118,620</u>
Other current assets		
Other financial assets (Note 35)	\$ 270,658	\$ 128,313
Construction guarantee deposits paid (Note 35)	18,298	26,137
Others	7	-
	<u>\$ 288,963</u>	<u>\$ 154,450</u>
<u>Non-current</u>		
Other non-current assets		
Other financial assets (Note 35)	\$ 227,000	\$ 147,000
Prepayment for equipment	30,950	55,648
Guarantee deposits paid (Note 35)	68,515	74,965
Net defined benefit assets (Note 22)	-	1,189
Others	3,451	3,452
	<u>\$ 329,916</u>	<u>\$ 282,254</u>

(I) Other financial assets

The other financial assets of the company were mainly the current deposits and bank accounts pledged for acquisition of project contracts. Please refer to the description in Note 35.

(II) Prepayment for equipment

The Company's prepayments for equipment are the prepayments made for purchasing property, plant and equipment needed for production of the commodities or services to be supplied according to the purchase contracts.

XVII. Borrowings

(I) Short-term loans

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Secured loan</u> (Note 35)		
Bank borrowings (1)	\$ -	\$ 460,000
<u>Unsecured loans</u>		
Borrowings within credit lines (2)	420,000	50,000
	<u>\$ 420,000</u>	<u>\$ 510,000</u>

(1) The interest rate of working loans on December 31, 2023 was 2.15%–2.175%.

(2) The interest rate of working loans on December 31, 2024 and 2023 was 2.3% and 2.1%, respectively.

(II) Long-term loans

	Maturity date	Material terms	Effective interest rate	December 31, 2024	December 31, 2023
<u>Unsecured loans</u>					
Taiwan Business Bank	February 5, 2026	The loan totals NTD 100,000 thousand for a period of 5 years (non-revolving) without a grace period. It is disbursed on a lump-sum basis or in installments. The interest is paid every month. The installments of the principal are paid in equal amounts each month from the date of automatic repayment of principal. This loan has been fully repaid by the Company.	2.85%	\$ -	\$ 45,478
<u>Secured loan (Note 35)</u>					
First Commercial Bank	October 13, 2032	The loan totals NTD 110,000 thousand with a grace period of 2 years. It is disbursed on a lump-sum basis or in installments. The installments of the principal are calculated from the expiry date of the grace period at an interval of 1 month. The principal is amortized in 168 installments.	2.605%	56,693	63,142
First Commercial Bank	December 1, 2043	The total amount of borrowings is NTD 1,430,000 thousand, with a grace period of 3 years, a one-time disbursement of the loan, and interest is paid monthly. The principal is amortized and repaid evenly every month from the expiration date of the grace period.	1.955%	1,430,000	1,430,000
Taiwan Business Bank	January 10, 2035	The loan totals NTD 260,000 thousand for a period of 15 years (non-revolving) with a grace period of 2 years. It is disbursed on a lump-sum basis. The interest is paid every month. The installments of the principal are calculated from the expiry date of the grace period at an interval of 3 months. The principal is amortized in 52 installments.	2.325%	205,000	225,000
Bank of Taiwan	October 15, 2026	The total amount of the loan is NTD 400,000 thousand for 2 years (non-revolving) with interest charged monthly. The principal is due and payable and cannot be recycled.	2.3%	400,000	-
The Shanghai Commercial & Savings Bank	July 27, 2025	The loan totals NTD 90,000 thousand for a period of 5 years (non-revolving) with a grace period of 2 years. It is disbursed on a lump-sum or installment basis. The interest is paid every month. The installments of the principal are calculated from the expiry date of the grace period in 3-month intervals. The principal is amortized in 12 installments. This loan has been fully repaid by the Company.	2.63%	-	52,500
The Shanghai Commercial & Savings Bank	June 15, 2027	The total loan amount is NTD 3,630 thousand. The loan is a special loan for Taiwanese businessmen to return to Taiwan for investment. Interest is paid monthly and the principal is repayable in 24 equal installments from one month from the date of expiration of the grace period (3 years). This loan has been fully repaid by the Company.	2.095%	-	3,630
Bank of Taiwan	July 24, 2025	The total amount of the loan is NTD 400,000 thousand for 2 years (non-revolving) with interest charged monthly. The principal is due and payable and cannot be recycled. This loan has been fully repaid by the Company.	2.3%	-	400,000
Less: Due within one year				2,091,693	2,219,750
Long-term loans				(26,659)	(77,122)
				<u>\$ 2,065,034</u>	<u>\$ 2,142,628</u>

XVIII. Notes and accounts payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Notes payable</u>		
From operation	\$ <u>6,472</u>	\$ <u>-</u>
<u>Accounts payable</u>		
From operation – non-related parties	\$ 697,302	\$ 559,286
From operations – related parties (Note 34)	<u>26,103</u>	<u>34,130</u>
	<u>\$ 723,405</u>	<u>\$ 593,416</u>

Notes and accounts payable

The average credit period for purchasing raw materials, materials and commodities is 30–120 days. Interest is not included in notes payable and accounts payable recognized with respect to such purchases. The Company establishes financial risk management policies to ensure that all payables can be paid back within the agreed term of credit.

XIX. Bonds payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Domestic unsecured corporate bonds	\$ 570,483	\$ -
Less: Due within one year	<u>-</u>	<u>-</u>
	<u>\$ 570,483</u>	<u>\$ -</u>

Domestic unsecured convertible corporate bonds

On June 21, 2024, the Company issued 6 thousand units of NTD-denominated unsecured convertible corporate bonds with interest rates of 0%. The principal amount was NTD 600,000 thousand, and the maturity date was June 21, 2027.

Each corporate bondholder is entitled to convert into the Company's common shares at NTD 113.2 per share (the original conversion price was NTD 114, and the ex-dividend date was adjusted to NTD 113.2 on July 11, 2024). The conversion period is from September 22, 2024 to June 21, 2027.

From September 22, 2024 to May 12, 2027, if the closing price of the Company's common shares exceeds the conversion price of the convertible bonds by more than 30% for 30 consecutive days, the Company may withdraw the bonds within 30 days after the event. If the balance of the convertible bonds is less than 10% of the original face value during the aforementioned period, the Company may withdraw the bonds at any time after the event.

June 21, 2026 is the record date for the conversion of the convertible bonds, which is the basis for early sale of the corporate bonds by the bondholders, and the bondholders may request the Company to redeem the corporate bonds held by them in cash at the face value of the corporate bonds plus interest compensation.

The convertible bonds include the debt and equity components. The equity components are expressed in capital reserve - stock option under equity. The effective interest rate of the elements of liabilities recognized initially was 2.0511%.

	<u>Amount</u>
Issued price (less transaction cost of NTD 2,739 thousand) on June 21, 2024	\$ 708,087
Equity component (less amortization to equity transaction cost of NTD 141 thousand)	(141,525)
Components of liabilities	(2,340)
Components of liabilities (less amortization to transaction cost of NTD 2,598 thousand) on the date of issuance	564,222
Interest calculated at effective interest rate	<u>6,261</u>
Components of liabilities as of December 31, 2024	<u>\$ 570,483</u>

XX. Other liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Other payables		
Salary and bonus payable	\$ 145,088	\$ 150,955
Equipment payment payable	10,411	7,995
Remuneration payable to employees and directors	-	73,755
Expenses payable	<u>47,748</u>	<u>42,290</u>
	<u>\$ 203,247</u>	<u>\$ 274,995</u>
Other payables – Related parties (Note 34)	<u>\$ 1,733</u>	<u>\$ 489,237</u>
<u>Non-current</u>		
Guarantee deposits received	<u>\$ 7,890</u>	<u>\$ 12,930</u>

XXI. Liability reserve

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Warranty	\$ 17,807	\$ 43,683
Onerous contract	<u>155</u>	<u>155</u>
	<u>\$ 17,962</u>	<u>\$ 43,838</u>

The warranty liability reserve is the best estimate for any future outflow of economic benefits due to warranty obligation by the Company's management according the agreements in contracts for sale of commodities. The estimate is based on the Company's historical warranty experience and adjusted in consideration of new raw materials, procedural changes or other factors that influence the quality of the products.

XXII. Retirement benefit plan

(I) Defined contribution plan

The pension system specified in the "Labor Pension Act" adopted by the Company is the defined pension appropriation plan managed by the government. A pension equal to 6% of an employee's monthly wage shall be appropriated to the individual labor pension account at the Bureau of Labor Insurance.

(II) Defined benefit plan

The pension system adopted by the Company according to the “Labor Standards Act” is the defined retirement benefit plan managed by the government. The years of service rendered and the average wage of six months prior to the approved retirement date shall be the reference for calculation of the pension to be paid to the employee. We appropriate 2% of the total monthly wage of an employee as the pension and remit the amount to the labor pension reserve funds account at the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. Before the end of each year, if the assessed balance in the account is inadequate to make a full payment of pensions to the employees who may meet the retirement conditions in the next year, we will make up the difference in one appropriation before the end of March the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor and we do not have the right to influence the investment management strategies. The Company reached an agreement with the employees under the defined benefit pension plan to settle their seniority in 2024. In August 2024, the competent authority approved the settlement of the pension account balance, and in September 2024, the Bank of Taiwan allocated the balance of the dedicated account of the Company, NTD 6,812 thousand.

Amounts related to the defined benefit plan and included in the parent company only balance sheet are listed as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligation	\$ -	\$ -
Fair value of plan assets	-	(1,189)
Net defined benefit (assets) liabilities	\$ -	(\$ 1,189)

Changes in net defined benefit assets are as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit assets</u>
January 1, 2024	\$ -	(\$ 1,189)	(\$ 1,189)
Interest expense (income)	-	(11)	(11)
Recognition in profit or loss	-	(11)	(11)
Remeasurement			
Return on plan assets (except for any amount included in net interest)	-	(5,612)	(5,612)
Recognition in other comprehensive income	-	(5,612)	(5,612)
Return of assets	-	6,812	6,812
December 31, 2024	\$ -	\$ -	\$ -

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	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
January 1, 2023	<u>\$ 152,247</u>	<u>(\$ 96,411)</u>	<u>\$ 55,836</u>
Service cost			
Current service cost	154	-	154
Service cost in the previous period	63	-	63
Gains on settlement	(391)	-	(391)
Interest expense (income)	<u>2,089</u>	<u>(1,325)</u>	<u>764</u>
Recognition in profit or loss	<u>1,915</u>	<u>(1,325)</u>	<u>590</u>
Remeasurement			
Return on plan assets (except for any amount included in net interest)	-	(388)	(388)
Actuarial losses – Experience adjustments	<u>3,295</u>	<u>-</u>	<u>3,295</u>
Recognition in other comprehensive income	<u>3,295</u>	<u>(388)</u>	<u>2,907</u>
Contribution by employer	<u>-</u>	<u>(21,694)</u>	<u>(21,694)</u>
Settlement	<u>(19,316)</u>	<u>19,316</u>	<u>-</u>
Payment of benefits	<u>(99,313)</u>	<u>99,313</u>	<u>-</u>
Payments on the Company's account	<u>(38,828)</u>	<u>-</u>	<u>(38,828)</u>
December 31, 2023	<u>\$ -</u>	<u>(\$ 1,189)</u>	<u>(\$ 1,189)</u>

The amounts of the defined benefit plan recognized in profit or loss are summarized by function as follows:

	2024	2023
Operating costs	\$ -	\$ 207
Marketing expense	-	74
Administrative expense	(11)	224
R&D expense	<u>-</u>	<u>85</u>
	<u>(\$ 11)</u>	<u>\$ 590</u>

XXIII. Maturity analysis of assets and liabilities

The assets and liabilities of the Company, with respect to the construction business, are classified as current or non-current based on the normal operating cycle. The related amount recognized based on the amount anticipated to be recovered or reimbursed within a year and more than a year after the balance sheet date is as follows:

	<u>Within 1 year</u>	<u>More than 1 year</u>	<u>Total</u>
<u>December 31, 2024</u>			
Assets			
Contract assets	<u>\$ 24,746</u>	<u>\$ 681,209</u>	<u>\$ 705,955</u>
Liability			
Contract liabilities	<u>\$ 30,166</u>	<u>\$ 714,696</u>	<u>\$ 744,862</u>
<u>December 31, 2023</u>			
Assets			
Contract assets	<u>\$ 13,714</u>	<u>\$ 667,013</u>	<u>\$ 680,727</u>
Liability			
Contract liabilities	<u>\$ 11,579</u>	<u>\$ 469,693</u>	<u>\$ 481,272</u>

XXIV. Equity

(I) Share capital

Common shares

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Number of authorized shares (thousand shares)	<u>402,000</u>	<u>402,000</u>
Authorized capital	<u>\$ 4,020,000</u>	<u>\$ 4,020,000</u>
Number of shares issued and fully paid (thousand shares)	<u>259,011</u>	<u>249,011</u>
Issued capital	<u>\$ 2,590,112</u>	<u>\$ 2,490,112</u>

On April 19, 2024, the Board of Directors resolved to issue 10,000 thousand new shares with a par value of NTD 10 per share and an issue price of NTD 90 per share, and issued at a premium of NTD 80 per share. After the capital increase, the paid-in capital was NTD 2,590,112 thousand. The aforementioned cash capital increase was approved by the Securities and Futures Bureau, Financial Supervisory Commission, on May 22, 2024, and the Board of Directors resolved to set the capital increase record date on July 11, 2024.

(II) Capital reserves

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Available for makeup of loss, distribution of cash dividends or transfer into capital (1)</u>		
Stock issuance in excess of par value	\$ 818,500	\$ -
Treasury stock trading	113,597	113,597
Difference between the actual price for acquisition of equity in subsidiaries and the book value	68,244	68,244
<u>Only available for makeup of loss (2)</u>		
Recognition of changes in equity ownership in subsidiaries	\$ 274,373	\$ 274,884
<u>Not to be used for any purpose</u>		
Stock options (Note 19)	<u>141,525</u>	<u>-</u>
	<u>\$ 1,416,239</u>	<u>\$ 456,725</u>

1. These capital reserves may be used to make up losses distribute cash dividends or be transferred into the capital if the Company does not incur a loss. However, the amount of the transfer into the capital shall be limited to a certain percentage of the paid-in capital every year.
2. These capital reserves are the equity transaction effects recognized by the Company as a result of the changes of the equity in subsidiaries when the Company does not actually acquire or dispose the equity of the subsidiaries, or the adjustments for the Company to recognize subsidiaries' capital reserves under the equity method.

(III) Retained earnings and dividend policy

According to the Company's earnings distribution policy specified in the Articles of Incorporation, if the Company has a profit at the year's final accounting, it shall first pay the income tax and make up any cumulative losses in accordance with laws, and then make a 10% contribution of the balance to the legal reserve, and also make provision/reversal of special reserves pursuant to the laws. Any balance thereof shall, together with the accumulated undistributed earnings and the "adjusted amount of the annual undistributed profits," be submitted by the Board of Directors in the form of an earnings distribution proposal to the shareholders' meeting for ratification. For the distribution policy of employee and director remuneration regulated in the Company's Articles of Incorporation, please refer to Note 26-(7) Remuneration to employees and directors.

The shareholder bonus in the preceding paragraph distributed in the form of cash is authorized to a Board meeting attended by more than two-thirds of the directors and resolution by a majority of the directors present at the meeting, and shall be reported to the shareholders' meeting.

The Company's business is currently in the stage of operational growth, requiring profits to be retained as funding necessary for operational growth and investments. Therefore, the Company currently adopts a "balance as dividend" policy, giving consideration to the distribution of a balanced dividend equaling at least 50% of the annual net profits after tax. The Board of Directors may, however, submit a proposal for distribution to the shareholders' meeting for decision after taking into account the actual funding situation of the Company.

Profits may be distributed in the form of a combination of cash and stock dividends, provided that cash dividend is at least 20% of the total dividend. The shareholders' meeting may, however, make adjustment thereto based on future funding plans.

Legal reserves shall be prepared to the amount at which the balance of the legal reserves reaches to the total paid-in capital. Legal reserves may be used to make up loss. Where the Company does not sustain loss, the part of the legal reserves that exceeds the total paid-in capital by 25% may be appropriated as capital or distributed by cash.

When the Company provides a special reserve for the net increase in the fair value of the investment property accumulated in the previous period and the net amount of other equity accumulated in the previous period, if the undistributed earnings of the previous period are insufficient to be recognized, the items other than the after-tax net profit of the current period plus the net profit after tax are recognized as the undistributed earnings of the current period.

The Company's 2023 and 2022 earnings distribution plans are as follows:

	2023	2022
Legal reserves	\$ 64,250	\$ 48,011
Special reserves	\$ -	(\$ 22,025)
Cash dividend	\$ 423,319	\$ 401,885
Cash dividend per share (NTD)	\$ 1.7	\$ 1.62

The aforementioned cash dividends were resolved by the Board of Directors on March 7, 2024 and March 10, 2023, respectively. The remaining earnings distribution items were also resolved by the shareholders' meetings on May 31, 2024 and June 28, 2023, respectively.

The proposal for distribution of earnings in 2024 resolved by the Board of Directors on March 7, 2025 is as follows:

	<u>2024</u>
Cash dividends from capital reserves	<u>\$ 181,308</u>
Cash dividends from capital reserves per share (NTD)	\$ 0.70

The aforementioned earnings distribution proposal is expected to be resolved at the general shareholders' meeting scheduled to be held on May 29, 2025.

(IV) Special reserves

	<u>2024</u>	<u>2023</u>
Balance – beginning of the year	\$ 297,092	\$ 319,117
Reversal of special reserves	<u>-</u>	(<u>22,025</u>)
Balance – ending of the year	<u>\$ 297,092</u>	<u>\$ 297,092</u>

The special reserve set aside for the land when IFRSs are applied for the first time may be reversed at the time of disposal or reclassification. The special reserve set aside for the exchange differences from the translation of foreign operations' financial statements (including subsidiaries) is reserved according to the percentage of disposal. It will be completely reversed when the Company loses the significant influence. When earnings are distributed, a special reserve shall be set aside for the difference between the net deduction of other shareholders' equities stated on the end date of the reporting period and the special reserve set aside when IFRSs are applied for the first time. If there is any reversal of the decrease in shareholders' equity, the earnings may be distributed based on the reversal proportion.

(V) Other equity

1. Exchange differences on translation of financial statements of foreign operations:

	<u>2024</u>	<u>2023</u>
Balance – beginning of the year	(<u>\$ 255,739</u>)	(<u>\$ 229,740</u>)
Amounts incurred in the year		
Exchange differences from foreign operations	19,899	(8,703)
Share of subsidiary under the equity method	<u>18,044</u>	(<u>12,092</u>)
Other comprehensive income for the year	37,943	(20,795)
Changes in ownership interests in subsidiaries	<u>-</u>	(<u>5,204</u>)
Balance – ending of the year	(<u>\$ 217,796</u>)	(<u>\$ 255,739</u>)

2. Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income

	<u>2024</u>	<u>2023</u>
Balance – beginning of the year	(\$ 8,208)	(\$ 11,507)
Amounts incurred in the year		
Unrealized profit/loss		
Equity instruments	(1,825)	3,299

Share of profit/loss of associates under the equity method	1,866	-
Balance – ending of the year	(\$ 8,167)	(\$ 8,208)

(VI) Treasury stocks

<u>Cause of repurchase</u>	<u>Transfer of shares to employees (thousand shares)</u>
Number of shares on January 1, 2023	934
Decrease in the Year	(934)
Number of shares on December 31, 2023	-

According to the Securities and Exchange Act, the treasury stock held by the Company shall not be pledged and entitled to any dividends and voting rights.

XXV. Revenue

	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers		
Project income	\$ 1,983,685	\$ 2,723,299
Revenue from sale of commodities	2,445	4,224
Service income	78,936	56,592
	<u>\$ 2,065,066</u>	<u>\$ 2,784,115</u>

(I) Description of contracts with customers

1. Revenue from sale of commodities

Revenue from sale of commodities is generated from the sales of products. Once the products are delivered to the customer-designated location and accepted by the customer, the customer is entitled to the products' price determination and right of use, has the main responsibility to resell the products, and takes the risk that the products might become outdated. Therefore, the revenue and accounts receivable are recognized at that point of time.

2. Service income

Service income derives from repair of equipment.

With provision of the equipment repair service from the Company, the customer acquires and consumes the benefit from performance of the contract. Related income is recognized when services are completely provided. Since payment is made after completion of the repair as agreed in the contract, the Company recognizes the service income as contract assets when the service is provided and transfer it to account receivable when the repair is completed.

3. Project income

Since the cost of construction is directly related to the percentage of fulfillment of the contractual obligation, the Company measures the progress based on the percentage of the actually invested cost in the estimated total cost. The Company progressively recognizes contract assets during the construction and transfers them to accounts receivable when billing. If the construction project proceeds received exceed the revenue recognized, the difference is recognized as contract liabilities. Construction retainage retained by customers according to contractual terms and conditions is to ensure that the Company fulfills all the contractual obligation thereof and is recognized as contract assets before the fulfillment of the contract.

If the result of the fulfillment cannot be measured reliably, the contract income is recognized only within the scope of the actually incurred contract fulfillment cost expected to be recovered.

(II) Balance of contract amount

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts and notes receivable (Note 10)	<u>\$ 435,112</u>	<u>\$ 419,313</u>	<u>\$ 167,132</u>
Contract assets – current			
Construction of automated equipment	<u>\$ 705,955</u>	<u>\$ 680,727</u>	<u>\$ 543,469</u>
Contract liabilities – current			
Construction of automated equipment	<u>\$ 744,862</u>	<u>\$ 481,272</u>	<u>\$ 1,003,527</u>

(III) Customer contract income breakdown

	2024	2023
<u>Point in time for revenue recognition</u>		
Contract fulfilled at a point in time	\$ 154,020	\$ 61,805
Contract fulfilled over time	<u>1,911,046</u>	<u>2,722,310</u>
	<u>\$ 2,065,066</u>	<u>\$ 2,784,115</u>

(IV) Customer contracts not fully performed

As of December 31, 2024 and 2023, the trading price amortized to the obligations that had not been fulfilled was NTD 744,862 thousand and NTD 481,272 thousand, respectively, in aggregate sums. The Company will recognize them in project income in the coming 1 or 2 years.

XXVI. Net profit (loss) of continuing operations

(I) Interest income

	2024	2023
Interest income		
Bank deposit	\$ 23,883	\$ 32,698
Loans to related parties (Note 34)	<u>-</u>	<u>8,854</u>
	<u>\$ 23,883</u>	<u>\$ 41,552</u>

(II) Other revenue		
	<u>2024</u>	<u>2023</u>
Lease revenue		
Rental income from operating lease (Note 34)	\$ 79,523	\$ 44,969
Dividend revenue	2,675	2,113
Government subsidy income (Note 30)	67,425	21,753
Others	<u>4,481</u>	<u>2,999</u>
	<u>\$ 154,104</u>	<u>\$ 71,834</u>
(III) Other profits and losses		
	<u>2024</u>	<u>2023</u>
Net foreign exchange gains	\$ 27,992	\$ 20,009
Gain (loss) on and liabilities		
Financial assets mandatorily measured at fair value through profit or loss	(3,703)	42,303
Impairment loss	-	(14,052)
Profit on lease modification	48	1
Others	<u>(1,230)</u>	<u>(36)</u>
	<u>\$ 23,107</u>	<u>\$ 48,225</u>
(IV) Financial costs		
	<u>2024</u>	<u>2023</u>
Bank loan interest	\$ 57,488	\$ 29,385
Interest on lease liabilities	5,031	5,299
Interest on convertible corporate bonds	<u>6,261</u>	<u>-</u>
	<u>\$ 68,780</u>	<u>\$ 34,684</u>
(V) Depreciation and amortization		
	<u>2024</u>	<u>2023</u>
Summary of depreciation expenses by function		
Operating costs	\$ 35,127	\$ 33,722
Operating expenses	<u>72,961</u>	<u>53,950</u>
	<u>\$ 108,088</u>	<u>\$ 87,672</u>
Summary of amortization expenses by function		
Operating costs	\$ 2,037	\$ 2,743
Operating expenses	<u>4,007</u>	<u>3,494</u>
	<u>\$ 6,044</u>	<u>\$ 6,237</u>

(VI) Employee benefit expense

	2024	2023
Short-term employee benefits	<u>\$ 524,397</u>	<u>\$ 552,843</u>
Retirement benefits		
Defined contribution plan	20,729	17,760
Defined benefit plan (Note 22)	(<u>11</u>)	<u>590</u>
	<u>20,718</u>	<u>18,350</u>
Share-based payment (Note 29)	<u>18,500</u>	<u>40,993</u>
Remuneration to directors	<u>3,505</u>	<u>3,700</u>
Total of employee benefit expenses	<u>\$ 567,120</u>	<u>\$ 615,886</u>
Summarized by function		
Operating costs	\$ 203,472	\$ 220,280
Operating expenses	<u>363,648</u>	<u>395,606</u>
	<u>\$ 567,120</u>	<u>\$ 615,886</u>

(VII) Remuneration to employees and directors

After deducting the profit before tax of the current year prior to distribution of the remuneration to employees, directors and supervisors, the amount to the percentage of 5%–15% was distributed as remuneration to employees and 1%–3% was distributed as remuneration to directors.

Since there are losses before tax in 2024, no estimates were made for the remuneration to the employees or directors.

The remuneration to employees, directors and supervisors in 2023 was resolved by the Board of Directors on March 7, 2024 as follows:

Estimated ratio

	2023
Remuneration to employees	7.1%
Remuneration to directors	1.4%

Amount

	2023
Remuneration to employees	<u>\$ 61,886</u>
Remuneration to directors	<u>\$ 11,869</u>

If there were any changes in the amount after the approval and release date of annual parent company only financial reports, the change was treated as a change in accounting estimates and accounted for in the following year.

There was no discrepancy between the actual distribution of the remuneration to employees and directors in 2023 and 2022 and the amount recognized in the separate financial reports in 2023 and 2022.

The information about remuneration to the employees and directors resolved by the Board of Directors is available at the “MOPS” of TWSE.

(VIII) Foreign exchange (loss) gain

	2024	2023
Total profit from translation of foreign currencies	\$ 31,427	\$ 28,742
Total loss from translation of foreign currencies	(<u>3,435</u>)	(<u>8,733</u>)
Net gain	<u>\$ 27,992</u>	<u>\$ 20,009</u>

XXVII. Income tax of continuing operations

(I) Income tax recognized in profit or loss

The main components of income tax expense are as follows:

	<u>2024</u>	<u>2023</u>
Current income tax		
Additional tax levied on undistributed earnings	\$ 1,438	\$ 2,613
Adjustments for the previous year	(1,927)	2,481
Deferred income tax		
Tax incurred in the year	<u>27,258</u>	<u>113</u>
Income tax expenses recognized in profit or loss	<u>\$ 26,769</u>	<u>\$ 5,207</u>

The reconciliation of accounting income and income tax expense is as follows:

	<u>2024</u>	<u>2023</u>
Net profit (loss) before tax	(<u>\$ 116,458</u>)	<u>\$ 801,204</u>
Income tax expense (profit) calculated based on statutory tax rate for net profit (loss) before tax	(\$ 23,292)	\$ 160,241
Non-deductible expenses or non-deductible gains on tax	59,409	2,854
Non-taxable income	(1,962)	(8,807)
Additional tax levied on undistributed earnings	1,438	2,613
Unrecognized deductible temporary difference	(6,897)	(154,175)
Adjustment to income tax expenses of the previous year in the year	(<u>1,927</u>)	<u>2,481</u>
Income tax expenses recognized in profit or loss	<u>\$ 26,769</u>	<u>\$ 5,207</u>

(II) Income tax recognized in other comprehensive income

	<u>2024</u>	<u>2023</u>
<u>Deferred income tax</u>		
Incurred in the year		
– Translation from foreign operations	\$ 5,116	(\$ 2,317)
– Remeasurement of defined benefits plans	<u>240</u>	(<u>581</u>)
Income tax recognized in other comprehensive income	<u>\$ 5,356</u>	(<u>\$ 2,898</u>)

(III) Current income tax assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current income tax assets		
Income tax refund receivable	<u>\$ 9,670</u>	<u>\$ 6,852</u>

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2024

	Balance – beginning of the year	Recognition in profit or loss	Recognition in other comprehensive income	Balance – ending of the year
<u>Deferred income tax assets</u>				
Temporary difference				
Discrepancy in pension recognition	\$ 12,370	(\$ 12,130)	(\$ 240)	\$ -
Share of profit/loss of subsidiaries, associates and joint ventures under the equity method	135,104	(5,752)	-	129,352
Unrealized gains among associates	2,544	(1,227)	-	1,317
Liability reserve	\$ 8,737	(\$ 5,191)	\$ -	\$ 3,546
Exchange differences from foreign operations	12,697	(2)	(5,116)	7,579
Others	9,103	(2,237)	-	6,866
	<u>\$ 180,555</u>	<u>(\$ 26,539)</u>	<u>(\$ 5,356)</u>	<u>\$ 148,660</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Financial assets measured at fair value through profit or loss	(\$ 903)	\$ 423	\$ -	(\$ 480)
Land incremental tax	(56,108)	-	-	(56,108)
Others	(393)	(1,142)	-	(1,535)
	<u>(\$ 57,404)</u>	<u>(\$ 719)</u>	<u>\$ -</u>	<u>(\$ 58,123)</u>

2023

	Balance – beginning of the year	Recognition in profit or loss	Recognition in other comprehensive income	Balance – ending of the year
<u>Deferred income tax assets</u>				
Temporary difference				
Discrepancy in pension recognition	\$ 11,780	\$ 9	\$ 581	\$ 12,370
Share of profit/loss of subsidiaries, associates and joint ventures under the equity method	135,104	-	-	135,104
Unrealized gains among associates	6,918	(4,374)	-	2,544
Liability reserve	4,317	4,420	-	8,737
Exchange differences from foreign operations	10,380	-	2,317	12,697
Others	8,419	684	-	9,103
	<u>\$ 176,918</u>	<u>\$ 739</u>	<u>\$ 2,898</u>	<u>\$ 180,555</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Financial assets measured at fair value through profit or loss	(\$ 444)	(\$ 459)	\$ -	(\$ 903)
Land incremental tax	(56,108)	-	-	(56,108)
Others	-	(393)	-	(393)
	<u>(\$ 56,552)</u>	<u>(\$ 852)</u>	<u>\$ -</u>	<u>(\$ 57,404)</u>

- (V) Deductible temporary difference of the deferred income tax assets unrecognized in parent company only balance sheet

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Loss carryforwards		
Mature in 2030	<u>\$ 792,005</u>	<u>\$ 772,458</u>
Deductible temporary difference		
Share of profit/loss of subsidiaries, associates and joint ventures under the equity method	<u>\$ -</u>	<u>\$ 85,759</u>

- (VI) Authorization of income tax

The Company's profit-seeking business income tax filings up until 2021 have been approved by the tax authority.

XXVIII. (Loss) earnings per share

	<u>2024</u>	<u>Unit: NTD per share 2023</u>
Basic earnings (losses) per share		
From continuing operations	<u>(\$ 0.56)</u>	<u>\$ 3.20</u>
Diluted earnings (losses) per share		
From continuing operations	<u>(\$ 0.56)</u>	<u>\$ 3.19</u>

The (losses) earnings and the weighted average number of common shares used to calculate the earnings (losses) per share are as follows:

Current net profit (loss)

	<u>2024</u>	<u>2023</u>
(Losses) earnings used to calculate basic earnings (losses) per share	<u>(\$ 143,227)</u>	<u>\$ 795,997</u>
Net income (loss) used to calculate diluted earnings per share (loss)	<u>(\$ 143,227)</u>	<u>\$ 795,997</u>

Number of shares

	<u>2024</u>	<u>Unit: thousand shares 2023</u>
Weighted average number of common stocks used for calculation of basic (loss) earnings per share	253,744	248,406
Effect of potential diluted common stocks:		
Remuneration to employees	<u>-</u>	<u>1,199</u>
Weighted average number of common stocks used for calculation of diluted (loss) earnings per share	<u>253,744</u>	<u>249,605</u>

When the Company can select stocks or cash as the remuneration to employees, it is assumed that the employee's remuneration is paid with stocks when the diluted EPS is calculated. The weighted average outstanding common stocks are added when the potential common stocks have diluting capability to calculate the diluted EPS. The diluting capability of the potential common stocks is referenced in the next year when the Board of Directors resolved to calculate the diluted EPS prior to payment of the employee's remuneration with stocks.

The Company posted a net loss in 2024, which resulted in the dilution effect on potential common shares; therefore the calculation of diluted earnings per share was not calculated.

XXIX. Share-based payment arrangement

(I) Employee share subscription reserved for cash capital increase

On April 19, 2024, the Board of Directors of the Company resolved to issue new shares for cash capital increase, and reserved 10% of the total number of new shares, totaling 1,000 thousand shares, for employee subscription in accordance with the Company Act. The recipients include employees of the Company meeting specific criteria. For fractional shares or shares waived by the employees who subscribe for one share or more or those shares given up, the chairman is authorized to seek specific persons for purchase.

The employee stock options arising from the Company's above-mentioned cash capital increase are valued using the Black-Scholes evaluation model, and the inputs used in the evaluation model are as follows:

	<u>June 11, 2024</u>
Price on grant date	NTD 108.5
Exercise price	NTD 90
Stock price volatility	66.71%
Lifetime	0.066 years
Risk-free interest rate	1.2486%

In 2024, the Company recognized remuneration cost of NTD 18,500 thousand.

(II) The Company's Employee Stock Option Plan

On August 4, 2023, the Board of Directors resolved to transfer treasury shares to employees at NTD 43.50 and NTD 44.28 per share, respectively. As of the date of payment of employee stock options, 467 thousand shares and 467 thousand shares were transferred, respectively for a total transfer price of NTD 22,792 thousand. The base date of employee stock options was set on August 9, 2023. The Company recognized a remuneration cost of NTD 40,993 thousand on the date of grant.

The Black-Scholes valuation model was used for the employee stock options granted by the Company in August 2023. The inputs used in the valuation model are as follows:

	<u>August 2023</u>
Price on grant date	NTD 68.30
Exercise price	NTD 24.80/24.02
Stock price volatility	52.16
Lifetime	0.022 years
Risk-free interest rate	0.806

XXX. Government grants

- (I) In July 2022, the Company signed a Taiwan Industry Innovation Platform Counseling Project of MOEA with the Taiwan Small & Medium Enterprise Counseling Foundation (Taiwan SMECF), applying for a grant for the development of silicon carbide long crystal equipment and critical materials for the period from July 1, 2022 to June 30, 2025. As of December 31, 2024 and 2023, the grant received totaled NTD 15,000 thousand and NTD 12,631 thousand, respectively (including NTD 2,216 thousand that had not been received, recognized in other receivables). As of December 31, 2024 and 2023, the amortized balance was both NTD 0 thousand. In 2024 and 2023, income of NTD 2,369 thousand and NTD 9,622 thousand, respectively was recognized, in accordance with the subsidy plan.
- (II) The Company signed the 5G automated logistics engineering transformation and smart development project with the Taipei Computer Association for July 1, 2023 to September 30, 2024. As of December 31, 2024 and 2023, the amount of subsidies applied for was NTD 10,500 thousand and NTD 5,454 thousand (including NTD 204 thousand that had not been received, recognized as other receivables). In 2024 and 2023, the income of NTD 5,046 thousand and NTD 5,454 thousand was recognized according to the subsidy plan.
- (III) The Company signed the 3 semiconductor substrate manufacturing technology integration and development plan with the Taipei Computer Association for the smart low-carbon forward-looking equipment from December 1, 2023 to May 31, 2026. As of December 31, 2024 and 2023, the received subsidies totaled NTD 79,403 thousand and NTD 35,000 thousand, respectively. The amortized balance was NTD 25,097 thousand and NTD 35,000 thousand, respectively, and was recognized as deferred income. In 2024 and 2023, income of NTD 54,306 thousand and NTD 0 thousand was recognized, in accordance with the subsidy plan.
- (IV) The Company signed a contract for the railway industry development subsidy plan from September 1, 2022 to August 31, 2024 with the Railway Bureau, MOTC. As of December 31, 2024 and 2023, the amount of subsidies already applied for totaled NTD 12,381 thousand (including NTD 1,364 thousand that had not been received, recognized as other receivables) and NTD 6,677 thousand (including NTD 4,087 thousand that had not been received, recognized as other receivables). In 2024 and 2023, income of NTD 5,704 thousand and NTD 6,677 thousand was recognized, in accordance with the subsidy plan.

XXXI. Information on cash flow

(I) Non-cash transactions

In addition to those disclosed in other notes, the Company was engaged in the following non-cash investing activities in 2024 and 2023:

1. The Company reclassified contract assets to the category of property, plant and equipment to the amount of NTD 412 thousand and NTD 2,895 thousand, respectively, in 2024 and 2023.
2. The payment to be made by the Company for purchase of the property, plant and equipment increased and decreased by NTD 2,416 thousand and NTD 1,052 thousand, respectively, in 2024 and 2023.

(II) Changes in liabilities from financing activities

2024

	January 1, 2024	Cash flow	New lease	Non-cash change Termination of contract and derecognition of account	Lease modification	December 31, 2024
Lease liabilities	\$ 284,190	(\$ 27,878)	\$ 698	(\$ 3,718)	\$ 7,662	\$ 260,954

2023

	January 1, 2023	Cash flow	New lease	Non-cash change		December 31, 2023
				Termination of contract and derecognition of account	Lease modification	
Lease liabilities	\$ 280,658	(\$ 19,302)	\$ 20,553	(\$ 64)	\$ 2,345	\$ 284,190

The interest expenses recognized for lease liabilities in 2024 and 2023 were NTD 5,031 thousand and NTD 5,299 thousand, respectively, and included in the interest payments in the statement of cash flows.

XXXII. Capital risk management

The Company conducts capital management to ensure all the business of the Company can keep operating while maximizing shareholders' return by optimizing the liability and equity balances. The overall strategy of the Company is currently not changed.

The capital structure of the Company is comprised of their net liabilities (i.e., loans minus cash and cash equivalents) and shareholders' equity (i.e., capital stock, capital reserves, retained earnings, and other equities).

The Company did not need to observe external capital requirements.

The key management of the Company conducts monthly review of the Company's capital structure, including the cost of capital and relevant risks. Observing the suggestions of the management, the Company balanced the overall capital structure by paying dividends, issuing new stocks, repurchasing stocks, and issuing new corporate bonds, or repaying existing liabilities.

XXXIII. Financial instruments

(I) Fair value information – financial instruments not measured at fair value

In addition to the disclosures in the table below, the Company's management believes that the carrying amount of financial assets and financial liabilities not measured at fair value is close to maturity, or the future payment price is equivalent to the carrying amount, and the carrying amount is close to its fair value.

December 31, 2024

		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
- Bonds payable	\$570,483	\$633,900	\$ -	\$ -	\$633,900

(II) Fair value information – financial instruments measured at fair value on a repetitive basis

1. Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Overseas listed (OTC) stocks	\$ 11,091	\$ -	\$ -	\$ 11,091
Domestic non-listed (non-OTC) stocks	-	-	159,157	159,157
Total	\$ 11,091	\$ -	\$ 159,157	\$ 170,248
<u>Financial assets measured at fair value through other comprehensive income</u>				
Investment in equity instruments				
- Domestic non-listed (non-OTC) stocks	\$ -	\$ -	\$ 87,294	\$ 87,294

Financial liabilities measured
at fair value through profit
or loss

Convertible corporate bond option	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,900</u>	\$ <u>3,900</u>
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December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through profit or loss</u>				
Overseas listed (OTC) stocks	\$ 13,034	\$ -	\$ -	\$ 13,034
Domestic non-listed (non-OTC) stocks	-	-	131,797	131,797
Fund beneficiary certificate	<u>164,243</u>	<u>-</u>	<u>-</u>	<u>164,243</u>
Total	<u>\$ 177,277</u>	<u>\$ -</u>	<u>\$ 131,797</u>	<u>\$ 309,074</u>

Financial assets measured at
fair value through other
comprehensive income

Investment in equity instruments				
– Domestic non-listed (non-OTC) stocks	\$ <u>-</u>	\$ <u>-</u>	\$ <u>59,167</u>	\$ <u>59,167</u>

There were no transfers of fair value measurements between Level 1 and Level 2 in 2024 and 2023.

2. Adjustments to the financial instruments measured at Level 3 fair value 2024

Financial assets	Measurement at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
	<u>Equity instruments</u>	<u>Equity instruments</u>	
Balance – beginning of the year	\$ 131,797	\$ 59,167	\$ 190,964
Purchase	35,000	29,952	64,952
Recognition in profit or loss (other profits and losses)	(7,640)	-	(7,640)
Recognized in other comprehensive income (unrealized profit/loss from the financial assets measured at fair value through other comprehensive income)	<u>-</u>	<u>(1,825)</u>	<u>(1,825)</u>
Balance – ending of the year	<u>\$ 159,157</u>	<u>\$ 87,294</u>	<u>\$ 246,451</u>

Financial liabilities measured at fair value through profit or loss	Derivatives
Balance – beginning of the year	\$ -
Recognition in profit or loss (other profits and losses)	1,560
Redemption rights for convertible corporate bonds	<u>2,340</u>
Balance – ending of the year	<u>\$ 3,900</u>
Changes in unrealized gains (losses) related to assets held at the end of the year and recognized in profit or loss	(<u>\$ 1,560</u>)

2023

Financial assets	Measurement at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
	Equity instruments	Equity instruments	
Balance – beginning of the year	\$ 86,436	\$ 38,368	\$ 124,804
Purchase	11,750	17,500	29,250
Recognition in profit or loss (other profits and losses)	33,611	-	33,611
Recognized in other comprehensive income (unrealized profit/loss from the financial assets measured at fair value through other comprehensive income)	<u>-</u>	<u>3,299</u>	<u>3,299</u>
Balance – ending of the year	<u>\$ 131,797</u>	<u>\$ 59,167</u>	<u>\$ 190,964</u>

3. Evaluation technology and inputs of Level 3 fair value measurement

The fair value of non-listed (non-OTC) equity instruments is estimated based on the analysis of the financial status and operating outcome of the investee, the latest transaction price, the quotation of the same equity instruments on active markets, the quotation of similar instruments on active markets, comparable company valuation multiples, and other assumptions that cannot be supported by the observable market price or interest rate. The significant unobservable inputs are as follows. The fair value of the investment increases when the long-term revenue growth rate and pre-tax operating margin increase.

(III) Type of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Measurement at fair value through profit or loss		
Mandatory measurement at fair value through profit or loss	\$ 170,248	\$ 309,074
Financial assets measured at amortized cost (Note 1)	2,766,511	1,671,998
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	87,294	59,167
<u>Financial liabilities</u>		
Measurement at amortized cost (Note 2)	3,986,641	4,008,820
Measurement at fair value through profit or loss	3,900	-

Note 1: The balance includes financial assets measured at amortized cost such as cash and cash equivalents, investment in liability instruments, notes and accounts receivable, partial other receivables, guarantee deposits paid and other financial assets.

Note 2: The balance includes financial liabilities measured at amortized cost such as short-term loans, notes and accounts payable, partial other payables, long-term liabilities mature within one year, corporate bonds payable, guarantee deposits received, long-term loans, and other financial liabilities.

(IV) Financial risk management purpose and policy

The Company's main financial instruments include investments in equity, accounts receivable, accounts payable, borrowings, and lease liabilities. Our financial management department is responsible for provision of services for business units, planning and coordination of investments in domestic and international financial markets, analysis of internal risk exposure based on the risk level and scope, and reporting, supervision, and management of the financial risks related to the Company's operations. The said risks include the market risk (such as exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

The Company uses derivative financial instruments to avoid risk exposure and mitigate the impact of such risks. Derivative financial instruments are subject to the policies adopted at the meeting of the Board of Directors of the Company. These policies include the exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and the written current funds investment principle. Internal reviewers review the compliance of the policies and the exposure limits on an ongoing basis. The Company did not conduct transactions of financial instruments (including derivative financial instruments) for speculation purposes.

The finance management department reports to the Risk Management Committee of the Company every quarter. The Committee is an independent organization dedicated to monitoring risks and implementing policies to mitigate risk exposure.

1. Market risk

The major financial risks that the operating activities imposed on the Company are exchange rate fluctuation risk (see (1) below), interest rate fluctuation risk (see (2) below), and other price risks (see (3) below). The Company is engaged in various derivative financial instruments to manage the imposed foreign exchange rate and interest rate risk, including:

- A. Forward foreign exchange contracts or exchange rate options for avoidance of the exchange rate risk due to difference of currencies in collection, payment, and purchase of (raw) materials;
- B. Maintenance of an adequate portfolio of fixed and variable interest rates to mitigate the fluctuation risk of cash flow and fair value.

The Company did not change the risk exposure on the financial instrument market or the methods for management and measurement of such exposure.

(1) Exchange rate risk

The Company was engaged in sales and purchase transactions in foreign currency. These transactions exposed the Company to the exchange rate fluctuation risk. About 1% of the sales amount of the Company is not valued with the functional currency. About 19% of the cost amount is not valued with the functional currency. The Company uses forward foreign exchange contracts or exchange rate options to manage the exchange rate risk within the policies.

Refer to Note 38 for the book value of the monetary assets and liabilities of the Company valued with non-functional currency on the balance sheet date and the book value of the derivative instruments exposed to exchange rate risk.

Sensitivity analysis

The Company is mainly affected by fluctuations in the exchange rates of the USD, RMB and EUR.

The sensitivity analysis of the Company in the exchange rate of NTD (functional currency) to any related foreign currencies increasing or decreasing by 3% is described in the following table. This 3% is the sensitivity ratio used by the Company when reporting the exchange rate risk to the key management. It also indicates the assessment of the management on the reasonable potential fluctuation of the exchange rate. The sensitivity analysis only included the outstanding foreign currency items. The translation thereof at the end of the year is adjusted by an increase or decrease of 3% in the exchange rate. The positive number in the following table means the reduced amount of the post-tax net loss or the increased amount of the post-tax profit when NTD depreciates by 3% against related currency; when NTD appreciates by 3% against related currency, the effect on the post-tax net profit or loss is represented with a negative number of the same amount.

	Effect of USD		Effect of RMB	
	2024	2023	2024	2023
Profit or loss	\$ 239 (i)	\$ 8,143 (i)	(\$ 819)(i)	(\$ 9,391)(i)
	Effect of EUR			
	2024	2023		
Profit or loss	(\$ 1,224)(i)	(\$ 2,567)(i)		

- (i) The profit or loss was mainly generated from the Company's accounts receivable, and accounts payable valued in USD, EUR and RMB which were outstanding on the balance sheet date and were not hedged against the cash-flow risk.

The Company's sensitivity to the USD exchange rate declined in the current year mainly due to the decrease in bank deposits denominated in USD. The Company's sensitivity to the EUR exchange rate increased mainly due to the increase in bank deposits denominated in EUR. The Company's sensitivity to the RMB exchange rate declined mainly due to the decrease in the accounts payable denominated in RMB. Management found that the sensitivity analysis could not represent the inherent risk of the exchange rate, as the foreign currency risk exposure on the balance sheet date could not reflect the exposure in the year.

(2) Interest rate risk

The interest rate risk exposure occurs as the Company's entities borrow funds at fixed and floating rates at the same time. The Company maintains an adequate portfolio of fixed and floating interest rates to manage the interest rate risk. The Company assesses hedging activities on a regular basis to keep consistent in their opinions on interest rate and their given risk preference to ensure adoption of most cost-efficient hedging strategies.

The book values of the financial assets and liabilities of the Company exposed to the interest rate risk on the balance sheet date are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
With fair value interest rate risk		
– Financial assets	\$ 187,916	\$ 236,178
– Financial liabilities	831,437	284,190
With cash flow interest rate risk		
– Financial assets	1,941,453	892,240
– Financial liabilities	2,511,693	2,729,750

The Company is exposed to cash flow interest rate risk due to holding bank loans at variable interest rate. This conforms to the policy of the Company to reduce the interest rate fair value risk by maintaining the loans at floating interest rate. The cash flow interest rate risk of the Company is primarily due to the fluctuated benchmark interest rate of the loans valued in NTD.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of the derivative instruments and non-derivative instruments on the balance sheet date. As for the liabilities at floating interest rate, the analysis is made with the assumption that the outstanding liability amount on the balance sheet date is completely in circulation during the reporting period. The variable interest rate used by the Company when reporting the interest rate to the key management is the interest rate plus or minus 1%. It also indicates the assessment of the management on the reasonable potential fluctuation of the interest rate.

If interest rates had increased/decreased by 1%, with all other variables holding constant, the Company's net income (loss) would increase/decrease by NTD 4,562 thousand and NTD 14,700 thousand for 2024 and 2023, respectively. This is mainly due to the Company's exposure to fair value interest rate risk on its bank deposits with floating interest rates.

The decrease in sensitivity of the Company to interest rates for the year was mainly due to the increase in variable-rate bank deposits.

(3) Other price risks

The Company sustains exposure to securities price risk due to investment in equity securities and fund beneficiary certificates.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk exposure on the balance sheet date.

If the equity price increased/decreased by 3%, the profit or loss before tax for 2024 and 2023 would have increased/decreased by NTD 5,107 thousand and NTD 9,272 thousand due to the increase/decrease in the fair value of financial assets measured at fair value through profit or loss. Other comprehensive income before tax in 2024 and 2023 increased/decreased by NTD 2,619 thousand and NTD 1,775 thousand, respectively, due to changes in the fair value of the financial assets measured at fair value through other comprehensive income.

The sensitivity of the Company to the price risk decreased/increased in the current period because decrease/increase of the investment in equity securities.

2. Credit risk

The credit risk refers to the risk in the financial loss of the Company due to the counterparty delays in the fulfillment of the contractual obligations. Up to the balance sheet date, the Company's potential highest credit risk exposure due to failure of the counterparty to fulfill its obligations and the financial loss brought about by the financial guarantee that the Company provided was mainly derived from the following:

- (1) The book value of the financial assets recognized in the parent company only balance sheet.
- (2) The Company did not take into account the highest amount likely to be paid by the Company due to provision of financial guarantee.

Receivables are to be collected from many customers. They belong to different industries and are located in different geographic areas. The Company continuously assesses the financial status of the customers from which receivables shall be recovered.

3. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support business B.V. operation and reduce the effect of the fluctuating cash flow. The management of the Company monitors the use of financing facility and ensures compliance with the terms of the loan contract.

Bank loans are one of the important sources of liquidity. For the financing facility that the Company has not used, refer to description of financing facility in (2) below.

(1) Liquidity and interest rate risks of non-derivative financial liabilities

The remaining contractual maturity analysis of the non-derivative financial liabilities is compiled based on the earliest repayment date required to the Company and the non-discounted cash flow of the financial liabilities (including the principal and estimated interest). Hence, the bank loan which the Company may be requested to repay immediately is listed in the earliest period on the table without consideration of the possibility of the bank to exercise this right immediately; the maturity analysis of other non-derivative financial liabilities is compiled based on the agreed repayment date.

For the cash flow of the interest paid at floating rate, the non-discounted interest amount is derived from the yield curve on the balance sheet date.

December 31, 2024

	Weighted average effective interest rate (%)	Less than 1 year	1-3 years	4-5 years	Over 5 years
<u>Non-derivative financial liability</u>					
Non-interest-bearing liabilities					
Notes payable		\$ 6,472	\$ -	\$ -	\$ -
Accounts payable		723,405	-	-	-
Other payables		204,980	-	-	-
Guarantee deposits received		7,890	-	-	-
Fixed interest rate instruments					
Bonds payable		-	570,483	-	-
Floating interest rate instruments					
Short-term loans	2.30	429,660	-	-	-
Long-term loans	2.075	26,936	547,253	218,786	1,476,329
Lease liabilities		<u>25,874</u>	<u>44,640</u>	<u>41,020</u>	<u>185,371</u>
		<u>\$ 1,425,217</u>	<u>\$ 1,162,376</u>	<u>\$ 259,806</u>	<u>\$ 1,661,700</u>

More information on the maturity analysis of lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years
Lease liabilities	<u>\$ 25,874</u>	<u>\$ 85,660</u>	<u>\$ 102,549</u>	<u>\$ 69,628</u>	<u>\$ 13,194</u>	<u>\$ -</u>

December 31, 2023

	Weighted average effective interest rate (%)	Less than 1 year	1-3 years	4-5 years	Over 5 years
<u>Non-derivative financial liability</u>					
Non-interest-bearing liabilities					
Accounts payable		\$ 593,416	\$ -	\$ -	\$ -
Other payables		764,232	-	-	-
Guarantee deposits received		12,930	-	-	-
Floating interest rate instruments					
Short-term loans	2.16	521,040	-	-	-
Long-term loans	1.926	77,865	523,414	134,263	1,659,785
Lease liabilities		33,791	41,629	40,394	182,303
		<u>\$ 2,003,274</u>	<u>\$ 565,043</u>	<u>\$ 174,657</u>	<u>\$ 1,842,088</u>

More information on the maturity analysis of lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years
Lease liabilities	<u>\$ 33,791</u>	<u>\$ 82,023</u>	<u>\$ 97,449</u>	<u>\$ 64,774</u>	<u>\$ 20,080</u>	<u>\$ -</u>

(2) Financing facility

	December 31, 2024	December 31, 2023
Unsecured bank loan limit (reviewed annually)		
– Employed capital	\$ 420,000	\$ 100,000
– Unemployed capital	420,000	336,872
	<u>\$ 840,000</u>	<u>\$ 436,872</u>
Unsecured other loan limit		
– Employed capital	\$ 221,932	\$ -
– Unemployed capital	72,000	50,000
	<u>\$ 293,932</u>	<u>\$ 50,000</u>
Secured bank loan limit (extension possible under mutual agreement)		
– Employed capital	\$ 2,200,000	\$ 2,990,661
– Unemployed capital	992,855	582,969
	<u>\$ 3,192,855</u>	<u>\$ 3,573,630</u>
Secured other loan limit		
– Employed capital	\$ 429,305	\$ -
– Unemployed capital	372,840	-
	<u>\$ 802,145</u>	<u>\$ -</u>

XXXIV. Related party transaction

In addition to those disclosed in other notes, transactions between the Company and other related parties are described as follows:

(I) Names of related parties and their relationship with the Group

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
VIETENERGY COMPANY LIMITED	Subsidiary
KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Subsidiary
Tainergy Technology (Kunshan) Co., Ltd.	Subsidiary
Tainergy Tech. Co., Ltd.	Subsidiary
KENTEC INC.	Subsidiary
TAISIC MATERIALS CO.	Subsidiary
Hua-Xia Construction Co., Ltd.	Subsidiary
Chief Global Logistics Co., Ltd.	Subsidiary
TAI VISION CO., LTD.	Subsidiary
Qie-Yi Co., Ltd.	De facto related party
Long-Zi Co., Ltd.	De facto related party
CHING-FU HSIEH	The Company's Chairman
KENTEC ELECTRONICS (SUZHOU) CO., LTD.	Associate

(II) Operating revenue

<u>Account Title</u>	<u>Type of Related Party</u>	<u>2024</u>	<u>2023</u>
Sales revenue	Subsidiary	\$ -	\$ 299
Project income	Subsidiary	187,732	162,874
Service income	Subsidiary	792	442
		<u>\$ 188,524</u>	<u>\$ 163,615</u>

There is no significant difference from other customers in the trading conditions and credit period applicable to the sale of goods between the Company and related parties.

The unrealized profit (recognized in investment under the equity method) from contracting and selling the plant and equipment to subsidiaries was subject to amortization in years based on the useful life of the plant and equipment.

<u>2024</u>						
<u>Goods sold</u>	<u>Unrealized profit – beginning of the year</u>	<u>Sales price of the current period</u>	<u>Sales cost of the current period</u>	<u>Increase of unrealized profit</u>	<u>Amortization of the current period</u>	<u>Unrealized profit – ending of the year</u>
System and equipment construction	<u>\$ 76,271</u>	<u>\$ 187,732</u>	<u>(\$ 86,052)</u>	<u>\$ 101,680</u>	<u>(\$ 29,556)</u>	<u>\$ 148,395</u>
<u>2023</u>						
<u>Goods sold</u>	<u>Unrealized profit – beginning of the year</u>	<u>Sales price of the current period</u>	<u>Sales cost of the current period</u>	<u>Increase of unrealized profit</u>	<u>Amortization of the current period</u>	<u>Unrealized profit – ending of the year</u>
System and equipment construction	<u>\$ 82,307</u>	<u>\$ 162,874</u>	<u>(\$ 143,354)</u>	<u>\$ 19,520</u>	<u>(\$ 25,556)</u>	<u>\$ 76,271</u>

(III) Purchase

Type of Related Party	2024	2023
Subsidiary	\$ 17,531	\$ 11,551
Associate	-	621
	<u>\$ 17,531</u>	<u>\$ 12,172</u>

There is no significant difference from other suppliers in the trading conditions and credit period applicable to the purchase of goods between the Company and related parties.

(IV) Accounts receivable from related parties (excluding loans to related parties and contract assets)

Account Title	Type of Related Party	December 31, 2024	December 31, 2023
Accounts receivable	TAISIC MATERIALS CO.	\$ 122,519	\$ 3,780
	Hua-Xia Construction Co., Ltd.	-	39,425
	KENTEC INC.	5,016	-
	VIETNERGY COMPANY LIMITED	-	2
		<u>\$ 127,535</u>	<u>\$ 43,207</u>

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(Continued from previous page)

Account Title	Type of Related Party	December 31, 2024	December 31, 2023
Other receivables	Chief Global Logistics Co., Ltd.	\$ 411	\$ 411
	VIETNERGY COMPANY LIMITED	-	12
	TAI VISION CO., LTD.	127	16
	Hua-Xia Construction Co., Ltd.	<u>100,000</u>	-
		<u>\$ 100,538</u>	<u>\$ 439</u>

No guarantee was requested for the outstanding accounts receivable from related parties. No loss allowance was set aside for the accounts receivable from related parties in 2024 and 2023.

The other receivables of the Company from Hua Xia Construction are the capital reduction and return of shares that have not yet been received.

(V) Accounts payable to related parties (excluding loans from related parties)

Account Title	Type of Related Party	December 31, 2024	December 31, 2023
Accounts payable	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	\$ 24,633	\$ 34,130
	TAISIC MATERIALS CO.	<u>1,470</u>	-
		<u>\$ 26,103</u>	<u>\$ 34,130</u>
Other payables	KENTEC INC.	\$ -	\$ 489,237
	Hua-Xia Construction Co., Ltd.	<u>\$ 1,733</u>	<u>\$ -</u>

The outstanding balance of the accounts payable to related parties was not guaranteed.

(VI) Prepayments

<u>Type/Name of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	<u>\$ 11,657</u>	<u>\$ 44,816</u>

(VII) Lease agreement

<u>Type of Related Party</u>	<u>2024</u>	<u>2023</u>
<u>Lease expense</u>		
De facto related party	<u>\$ -</u>	<u>\$ 2,290</u>

2023

<u>Type of Related Party</u>	<u>Premises</u>	<u>Lease Period</u>	<u>Determination of Rent</u>	<u>Monthly Rental</u>
De facto related party	No. 21, Xindu Rd., Qianzhen Dist., Kaohsiung City	2023.01.01-2023.06.30	Negotiation	\$ 196
De facto related party	No. 12, Xinda Rd., Qianzhen Dist., Kaohsiung City	2023.01.01-2023.06.30	Negotiation	186

(VIII) Endorsements/guarantees

Endorsements/Guarantees for Others

For more information on the endorsement and guarantee made by the Company for related parties, please refer to Table 2 “Endorsements/guarantees for others”.

Acquisition of endorsements/guarantees

<u>Type/Name of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
The Company’s Chairman CHING-FU HSIEH		
Amount guaranteed	<u>\$ 823,000</u>	<u>\$ 520,000</u>

(IX) Loans to related parties

<u>Type of Related Party</u>	<u>2024</u>	<u>2023</u>
<u>Interest income</u>		
KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	<u>\$ -</u>	<u>\$ 8,854</u>

The Company provides short-term loans for subsidiaries at a rate of 2%–3.5%, which is close to the market interest rate. All the loans to the subsidiaries in 2023 were unsecured, and the principal had been repaid in 2023.

(X) Related party transactions

Lease revenue

2024					
	Premises	Lease Period	Determina tion of Rent	Monthly Rental	Lease revenue
Subsidiary	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City	2020.11.01 – 2025.10.31	Negotiatio n	\$ 186	\$ 2,236
Subsidiary	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City	2020.11.01 – 2025.10.31	Negotiatio n	1,768	21,215
Subsidiary	No. 5, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City	2023.12.01 - 2024.12.31	Negotiatio n	5	60
Subsidiary	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	2020.11.01 – 2025.10.31	Negotiatio n	25	300
Subsidiary	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	2023.11.01 – 2028.10.31	Negotiatio n	20	240
Subsidiary	5F., No. 97, Sec. 2, Nangang Rd., Taipei City	2023.08.01 - 2025.10.19	Negotiatio n	5	60
Subsidiary	Land of automation warehouse and access equipment at Xingbang Section, Qianzhen Dist., Kaohsiung City	2023.10.20 - 2024.10.19	Negotiatio n	1,122	13,460
Subsidiary	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	2024.06.01 - 2025.05.31	Negotiatio n	5	35
					<u>\$ 37,606</u>

2023					
	Premises	Lease Period	Determina tion of Rent	Monthly Rental	Lease revenue
Subsidiary	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City	2020.11.01 – 2025.10.31	Negotiatio n	\$ 186	\$ 2,236
Subsidiary	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City	2020.11.01 – 2025.10.31	Negotiatio n	1,768	21,215
Subsidiary	No. 5, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City	2023.12.01 - 2024.11.30	Negotiatio n	5	5
Subsidiary	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	2020.11.01 – 2025.10.31	Negotiatio n	25	300
Subsidiary	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	2023.11.01 – 2028.10.31	Negotiatio n	20	240
Subsidiary	5F., No. 97, Sec. 2, Nangang Rd., Taipei City	2023.08.01 - 2024.07.31	Negotiatio n	5	60
Subsidiary	Land of automation warehouse and access equipment at Xingbang Section, Qianzhen Dist., Kaohsiung City	2023.10.20 - 2024.10.19	Negotiatio n	1,122	13,460
					<u>\$ 37,516</u>

Other profits, expenses, and losses

	Type of Related Party	2024	2023
Operating expenses	Subsidiary	<u>\$ 6,001</u>	<u>\$ 5</u>
Manufacturing expense	Subsidiary	<u>\$ 140</u>	<u>\$ 319</u>
Other revenue	Subsidiary	<u>\$ 814</u>	<u>\$ 710</u>

(XI) Remuneration to key management

	2024	2023
Short-term employee benefits	\$ 56,208	\$ 80,988
Retirement benefits	1,023	807
Share-based Payment	2,054	40,993
	<u>\$ 59,285</u>	<u>\$ 122,788</u>

The remuneration to the directors and key management was decided by the Remuneration Committee subject to personal performance and market trend.

XXXV. Pledged and mortgaged assets

The following assets were provided as collaterals for loans, purchase or import of equipment, and performance bond under construction contracts. The details are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Pledged C/D (stated as financial assets measured at amortized cost – current)	\$ 138,524	\$ 41,402
Pledged C/D (stated as financial assets measured at amortized cost – non-current)	49,392	69,930
Other financial assets – current	270,658	128,313
Other financial assets – Non-current	227,000	147,000
Property, plant and equipment		
Land	2,102,770	2,102,770
House and building	653,333	684,829
Construction guarantee deposits paid	18,298	26,137
Guarantee deposits paid	<u>68,515</u>	<u>74,965</u>
	<u>\$ 3,528,490</u>	<u>\$ 3,275,346</u>

XXXVI. Significant contingent liability and unrecognized contractual commitment

In addition to those described in other notes, the Company's significant commitments and contingencies on the balance sheet date are as follows:

(I) Significant commitments

The amount under the letters of guarantee that the Company authorized banks to issue for performance of construction contracts or warranty of works in 2024 and 2023 totaled NTD 1,597,040 thousand and NTD 1,114,952 thousand, respectively.

(II) Contingency

Chen Chun-Ming sued the Company in Keelung District Court at the beginning of 2023 for the return of a loan of RMB 15,000 thousand. After several trials, Chen Chun-Ming (the Plaintiff) filed an appeal in the first trial, which was rejected by the court. Therefore, the Company won the case in the first instance. The Plaintiff appealed to the Taiwan Supreme Court but did not pay the court fee; hence the case was dismissed. However, during the first trial, the Plaintiff filed a appeal against the dismissal of sections of the lawsuit, and the High Court remanded the case to the District Court for trial. The Plaintiff appealed again, which was denied by the Taiwan High Court and the Supreme Court. The case has been remanded back to the Keelung District Court pending trial.

XXXVII. Significant subsequent events:

Except as disclosed in other notes, the Company's significant events after the reporting period are as follows:

- (I) On March 7, 2025, the Board of Directors of the Company resolved to sell all the equity of the subsidiary Hua Xia Construction, wholly-owned by the Company, to a company in which the Chairman holds a controlling interest, for NTD 103,000 thousand.
- (II) The Company's Board of Directors on November 6, 2024 resolved to adjust the internal organizational structure of the Group, and obtained the approval from the Taiwan Investment Commission in March 2025. The Company intends to purchase 40% of the equity of Kenmec Communication from Kentec.
- (III) The Company's Board of Directors approved the split of its heat transfer business group to Kentec Inc. on March 7, 2025. The base date of the split is expected to be April 30, 2025. The above transaction is recognized as organizational restructuring under common control, and the related transfer is accounted for using the book value method.

- (IV) On March 7, 2025, the Company's Board of Directors resolved the loan of funds to Taisic Materials Co. for NTD 75,000 thousand.
- (V) On March 7, 2025, the Company's Board of Directors resolved the loan of funds to Kenmec Mecha-Tronics (Suzhou) Co., Ltd. for RMB 20,000 thousand (equivalent to NTD 90,700 thousand).

XXXVIII. Information on foreign currency assets and liabilities with significant effect

The following information is summarized and stated based on the foreign currencies other than the Company's functional currency. The disclosed exchange rate represents the rate of such foreign currencies to the functional currency. Foreign currency assets and liabilities with significant effect are as follows:

December 31, 2024

Foreign currency assets	Foreign currency (thousand)	Exchange rate	Book value
<u>Monetary items</u>			
USD	\$ 463	32.785 (USD : NTD)	\$ 15,203
JPY	67,578	0.2099 (JPY : NTD)	14,185
EUR	1,977	34.14 (EUR : NTD)	67,525
SGD	396	24.13 (SGD : NTD)	9,553
			<u>\$ 106,466</u>
<u>Non-monetary items</u>			
Investment under the equity method			
THB	106,978	0.9623 (THB : NTD)	\$ 102,945
RMB	153,517	4.478 (RMB : NTD)	687,451
VND	87,850,306	0.00127 (VND : NTD)	111,570
			<u>\$ 901,966</u>
<u>Foreign liabilities</u>			
<u>Monetary items</u>			
USD	160	32.785 (USD : NTD)	\$ 5,261
RMB	7,625	4.478 (RMB : NTD)	34,143
EUR	3,471	34.14 (EUR : NTD)	118,517
JPY	121,921	0.2099 (JPY : NTD)	25,591
SGD	395	24.13 (SGD : NTD)	9,531
			<u>\$ 193,043</u>

December 31, 2023

Foreign currency assets	Foreign currency (thousand)	Exchange rate	Book value
<u>Monetary items</u>			
USD	\$ 11,210	30.705 (USD : NTD)	\$ 344,203
RMB	32,165	4.327 (RMB : NTD)	139,180
JPY	7,099	0.2172 (JPY : NTD)	1,542
EUR	41	33.98 (EUR : NTD)	1,409
VND	1,882,013	0.00125 (VND : NTD)	2,353
			<u>\$ 488,687</u>

Non-monetary items

Investment under the
equity method

THB	23,517	0.9017 (THB: NTD)	\$ 21,205
RMB	127,941	4.327 (RMB : NTD)	553,601
VND	83,717,788	0.00125 (VND : NTD)	104,647
			<u>\$ 679,453</u>

Foreign liabilities

Monetary items

USD	\$ 159	30.705 (USD : NTD)	\$ 4,889
RMB	122,595	4.327 (RMB : NTD)	530,469
EUR	3,189	33.98 (EUR : NTD)	108,371
JPY	51,734	0.2172 (JPY : NTD)	11,237
			<u>\$ 654,966</u>

Profit or loss (realized and unrealized) from foreign currency translation with significant effect is as follows:

Foreign currency	2024		2023	
	Exchange rate	Net translation profit (loss)	Exchange rate	Net translation profit (loss)
USD	32.785 (USD : NTD)	\$ 25,740	30.705 (USD : NTD)	\$ 9,427
RMB	4.478 (RMB : NTD)	(3,433)	4.327 (RMB : NTD)	1,942
EUR	34.14 (EUR : NTD)	4,015	33.98 (EUR : NTD)	7,710
JPY	0.2099 (JPY : NTD)	1,672	0.2172 (JPY : NTD)	784
Others		(<u>2</u>)		<u>146</u>
		<u>\$ 27,992</u>		<u>\$ 20,009</u>

XXXIX. Disclosures of notes

(I) Major transaction matters:

1. Loans to others. (Table 1)
2. Endorsements/guarantees for others. (Table 2)
3. Securities – ending (excluding those controlled by invested subsidiaries, associates and joint ventures). (Table 3)
4. Aggregate purchases or sales of the same securities reaching NTD 300 million or more than 20% of the paid-in capital. (None)
5. Acquisition of real estate reaching NTD 300 million or more than 20% of the paid-in capital. (None)
6. Disposal of property reaching NTD 300 million or more than 20% of the paid-in capital. (None)
7. Purchases or sales of goods from and to related parties reaching NTD 100 million or more than 20% of the paid-in capital. (Table 4)
8. Accounts receivable from related parties reaching NTD 100 million or more than 20% of the paid-in capital. (Table 5)
9. Trading in derivative instruments. (None)

(II) Information on investees. (Table 6)

(III) Information on investments in Mainland China:

1. Information about investees in Mainland China, such as the name, main business operations, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment profit/loss, investment book value at the end of the period, profit or loss received from investments, and limit on the amount of investment in Mainland China. (Table 7)
2. Any of the following significant transactions with investees in Mainland China, either directly or indirectly through a third area, and their prices, payment conditions, and unrealized profit/loss:
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (None)
 - (3) The amount of property transactions and the amount of resulting profits or losses. (None)
 - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (None)
 - (5) The highest balance, the end-of-period balance, the interest rate range, and total current interest with respect to financing of funds. (Table 1)
 - (6) Other transactions that have a material effect on the profit or loss of the period or on the financial position, such as the rendering or receiving of services. (None)

(IV) Information on major shareholders: The name, shareholding, and shareholding ratio of the shareholders with an equity ratio of 5% or more. (Table 8)

KENMEC MECHANICAL ENGINEERING CO., LTD.
Loans to Others
2024

Table 1Unit: NTD and foreign currency (thousand)

No. (Note 1)	Lending company	Borrowing company	Current account	Related party	Maximum balance in current period	Balance – ending of the period	Drawdown	Range of interest rates %	Nature of loaning of funds	Transaction amount	Reasons for the need of short- term financing	Appropriated allowance for bad debt	Collateral		Ceiling of loans to a single borrower (Notes 2 to 8)	Ceiling of total loaning of funds (Notes 2 to 8)
													Name	Value		
0	KENMEC MECHANICAL ENGINEERING CO., LTD.	KENMEC MECHA- TRONICS (SUZHOU) CO., LTD.	Other receivables	Y	\$ 87,600	\$ -	\$ -	3.65%	Needs for short- term financing	\$ -	Working funds	\$ -	-	\$ -	\$ 909,795	\$ 1,819,589
1	KENMEC AUTOMATION ENGINEERING (KUNSHAN)	KENMEC MECHA- TRONICS (SUZHOU) CO., LTD.	Other receivables	Y	RMB 177,255 39,000	RMB 165,686 37,000	RMB 127,623 28,500	3.83%	"	-	"	-	-	-	RMB 168,198 37,561	RMB 168,198 37,561
2	KENMEC TECHNOLOGY (SUZHOU) CO., LTD.	Suzhou Kenmec Property Development Ltd.	Other receivables	Y	RMB 34,616 8,000	RMB 17,912 4,000	RMB 17,912 4,000	3.65%	"	-	"	-	-	-	RMB 244,356 54,568	RMB 244,356 54,568
		Anhui Rongyun Property Development Co., Ltd.	Other receivables	Y	RMB 24,520 5,421	RMB 24,276 5,421	RMB 24,276 5,421	3.45%~12%	"	-	"	-	-	-	RMB 244,356 54,568	RMB 244,356 54,568
		KENMEC MECHA- TRONICS (SUZHOU) CO., LTD.	Other receivables	Y	RMB 27,270 6,000	RMB - -	RMB - -	3.45%	"	-	"	-	-	-	RMB 244,356 54,568	RMB 244,356 54,568
3	Tainergy Tech. Co., Ltd.	TAISIC MATERIALS CO.	Other receivables	Y	370,000	320,000	320,000	2.95%~5.00%	"	-	"	-	-	-	335,893	671,785
		TAI VISION CO., LTD.	Other receivables	Y	135,000	135,000	60,000	2.95%~5.00%	"	-	"	-	-	-	335,893	671,785
		Star Solar New Energy Co., Ltd.	Other receivables	Y	65,000	-	-	2.75%~5.00%	"	-	"	-	-	-	335,893	671,785
		VIETNERGY COMPANY LIMITED	Other receivables	Y	65,670	65,570	-	5.20%	"	-	"	-	-	-	335,893	671,785
4	Tainergy Technology (Kunshan) Co., Ltd.	KENMEC MECHA- TRONICS (SUZHOU) CO., LTD.	Other receivables	Y	309,060	304,504	304,504	3.65%	"	-	"	-	-	-	RMB 338,646 75,624	RMB 338,646 75,624
5	KENTEC INC.	Suzhou Kenmec Property Development Ltd.	Other receivables	Y	26,448	-	-	3.65%	"	-	"	-	-	-	RMB 338,646 75,624	RMB 338,646 75,624
		KENMEC MECHA- TRONICS (SUZHOU) CO., LTD.	Other receivables	Y	90,900	89,560	89,560	3.65%	"	-	"	-	-	-	RMB 286,489	RMB 286,489
		TAISIC MATERIALS CO.	Other receivables	Y	190,000	190,000	190,000	2.75%~ 2.875%	"	-	"	-	-	-	286,489	286,489
6	Hua-Xia Construction Co., Ltd.	TAISIC MATERIALS CO.	Other receivables	Y	75,000	75,000	75,000	2.875%	"	-	"	-	-	-	40,974	40,974

Note 1: Number column description:
(1) 0 is reserved for issuer.
(2) Each invested company is numbered in sequential order starting from 1.

Note 2: KENMEC MECHANICAL ENGINEERING CO., LTD.'s limit of loans to others is calculated as follows:
Ceiling of loans to particular borrower: 20% of the Company's net value: \$4,548,973×20%=909,795
Ceiling of total loaning of funds: 40% of the Company's net value: \$4,548,973×40%=1,819,589

Note 3: KENMEC AUTOMATION ENGINEERING (KUNSHAN)'s limit of loans to others is calculated as follows:
Ceiling of loans to a single borrower: 40% of the Company's net value: RMB 37,561×40%=RMB 15,024
The limit of total loaning of funds: 40% of the Company's net value: RMB 37,561×40%=RMB 15,024
For the loaning of funds between the foreign companies that belong to the same parent company as the Company and whose 100% voting shares are held by the Company directly and indirectly, its amount is not subject to 40% of the net value.
Ceiling of loans to a single borrower: 100% of the Company's net value: RMB 37,561×100%=RMB 37,561
The limit of total loaning of funds: 100% of the Company's net value: RMB 37,561×100%=RMB 37,561

Note 4: KENMEC TECHNOLOGY (SUZHOU) CO., LTD.'s limit of loans to others is calculated as follows:
Ceiling of loans to a single borrower: 40% of the Company's net value: RMB 136,420×40%=RMB 54,568
The limit of total loaning of funds: 40% of the Company's net value: RMB 136,420×40%=RMB 54,568

Note 5: Tainergy Tech. Co., Ltd.'s limit of loans to others is calculated as follows:
Ceiling of loans to particular borrower: 20% of the Company's net value: 1,679,463×20%=335,893
Ceiling of total loaning of funds: 40% of the Company's net value: 1,679,463×40%=671,785

Note 6: Tainergy Technology (Kunshan) Co., Ltd.'s limit of loans to others is calculated as follows:
Ceiling of loans to a single borrower: 40% of the Company's net value: RMB 189,061×40%=RMB 75,624
The limit of total loaning of funds: 40% of the Company's net value: RMB 189,061×40%=RMB 75,624

Note 7: KENTEC INC.'s limit of loans to others is calculated as follows:
Ceiling of loans to particular borrower: 40% of the Company's net value: \$716,223×40%=286,489
Ceiling of total loaning of funds: 40% of the Company's net value: \$716,223×40%=286,489

Note 8: Hua-Xia Construction's limit of loans to others is calculated as follows:
Ceiling of loans to particular borrower: 40% of the Company's net value: 102,436×40%=40,974
Ceiling of total loaning of funds: 40% of the Company's net value: 102,436×40%=40,974
The loan of funds by Hua Xia Construction to Taisic Materials was over-limit mainly as Hua Xia Construction returned NTD 100,000 thousand in December 2024 due to capital reduction, and Taisic Materials repaid the loan on March 7, 2025.

Note 9: The net value is determined based on the financial statements audited and certified by CPAs in the most recent year.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Endorsements/Guarantees for Others
2024

Table 2

Unit: NTD thousand

No. (Note 1)	Endorser/guarantor	Endorsee/guarantee		Limits on individual endorsements/ guarantees	Current maximum endorsement/ guarantee balance	Current endorsement/ guarantee balance – ending	Drawdown	Endorsement/ guarantee amount secured with property	Ratio of the cumulative endorsement/ guarantee amount to the net worth in the most recent financial statements (%)	Maximum endorsement/ guarantee limit	Endorsements/ guarantees made by the parent company for subsidiaries	Endorsements/ guarantees made by the subsidiaries for parent company	Endorsements/ guarantees made for the operations in Mainland China
		Company name	Relationship (Note 2)										
0	KENMEC MECHANICAL ENGINEERING CO., LTD.	KENTEC INC.	(2)	\$ 3,639,178 (Note 3)	\$ 80,000	\$ 80,000	\$ 80,000	\$ -	1.76%	\$ 3,639,178 (Note 4)	Y	N	N
1	Tainergy Tech. Co., Ltd.	VIETENERGY COMPANY LIMITED	(2)	1,343,570 (Note 7)	196,650	81,963	6,404	-	4.88%	1,343,570 (Note 8)	Y	N	N

Note 1: The number column is completed in the following manners:

- (1) 0 is reserved for issuer.
- (2) Each invested company is numbered in sequential order starting from 1.

Note 2: The relationship between the endorser/guarantor and endorsee/guarantee is classified into six categories as follows. It is only necessary to mark the type:

- (1) A company which the Company has business dealings with.
- (2) The company with the majority shareholdings of voting rights held by the Company directly and indirectly.
- (3) The company holds the majority shareholdings of voting rights of the Company directly and indirectly,
- (4) The company with more than 90% shareholdings of voting rights held by the Company directly and indirectly.
- (5) The company needing mutual guarantee pursuant to an agreement in the same industry for undertaking engineering projects.
- (6) The company received endorsements/guarantees from the shareholders proportionally to their shareholding due to a joint venture relationship.
- (7) Escrow and joint and several guarantee of the contracts in the same industry that involve the transaction of pre-sale houses according to the Consumer Protection Act.

Note 3: Limits on individual endorsements/guarantees: No more than 80% of the Company's net value on December 31, 2024: \$4,548,973×80%=3,639,178

Note 4: Maximum endorsement/guarantee limit: No more than 80% of the Company's net value on December 31, 2024: \$4,548,973×80%=3,639,178

Note 5: Limits on individual endorsements/guarantees: No more than 80% of Tainergy Tech. Co. Ltd.'s net value on December 31, 2024: 1,679,463×80%=1,343,570

Note 6: Maximum endorsement/guarantee limit: No more than 80% of Tainergy Tech Co. Ltd.'s net value on December 31, 2024: 1,679,463×80%=1,343,570

Note 7: The net value is determined based on the financial statements audited and certified by CPAs in the most recent year.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Securities Held at the End of the Period
2024

Table 3

Unit: NTD and foreign currency (thousand)

Holding company	Type and name of securities	Relationship with the Issuer of Securities	Account title	At the end of the period				Remarks
				Number of shares	Book value	Shareholding percentage	Fair value	
KENMEC MECHANICAL ENGINEERING CO., LTD.	<u>Overseas listed (OTC) stocks</u>							
	EBS	None	Financial assets mandatorily measured at fair value through profit or loss – current	39,800	\$ 551		\$ 551	
	SDT	"	"	33,120	168		168	
	PAN	"	"	64,687	1,951		1,951	
	SC5	"	"	34,848	994		994	
	HRC	"	"	35,000	1,822		1,822	
	HAC	"	"	93	1		1	
	IPA	"	"	370,800	5,604		5,604	
					<u>\$ 11,091</u>		<u>\$ 11,091</u>	
	<u>Domestic non-listed stocks</u>							
	TeraSolar Energy Materials Corp.	The Company is a corporate director of the company	Financial assets mandatorily measured at fair value through profit or loss – non-current	1,776,637	\$ 30,096	10.01%	\$ 30,096	
	Tao Garden Hotel Co., Ltd.	"	"	5,000,000	44,550	16.64%	44,550	
	TMY Technology Inc.	None	"	1,571,421	84,511	2.62%	84,511	
					<u>\$ 159,157</u>		<u>\$ 159,157</u>	
	United Information System Service Co., Ltd.	The Company is a corporate director of the company	Investment in equity instruments measured at fair value through other comprehensive income – non-current	780,000	\$ 31,442	14.29%	\$ 31,442	
	Ecatch Automation Co., Ltd.	"	"	90,000	900	15.00%	900	
	Meng-Lue Venture Investment Limited Partnership	None	"	-	15,000	7.14%	15,000	
	Wonder Automation Co., Ltd.	"	"	197,722	10,000	9.74%	10,000	
	MetAI Technology Co., Ltd.	"	"	140,845	19,952	0.31%	19,952	
	DARA POWER Co., Ltd.	"	"	500,000	10,000	4.55%	10,000	
					<u>\$ 87,294</u>		<u>\$ 87,294</u>	
KENTEC INC.	<u>Domestic non-listed (non-OTC) stocks</u>							
	3EGREEN TECHNOLOGY, INC.	"	Investment in equity instruments measured at fair value through other comprehensive income – non-current	168,113	\$ -	4.71%	\$ -	
	TMY Technology Inc.	"	"	700,000	37,646	1.17%	37,646	
					<u>\$ 37,646</u>		<u>\$ 37,646</u>	
	<u>International non-listed stocks</u>							
	Cognito Health International Inc.	None	Investment in equity instruments measured at fair value through other comprehensive income – non-current	1,333,333	\$ -	2.42%	\$ -	

(Next page)

(Continued from previous page)

Holding company	Type and name of securities	Relationship with the Issuer of Securities	Account title	At the end of the period				Remarks
				Number of shares	Book value	Shareholding percentage	Fair value	
Chief Global Logistics Co., Ltd.	<u>Domestic non-listed (non-OTC) stocks</u> Qian-Mian Industrial Co., Ltd.	None	Financial assets mandatorily measured at fair value through profit or loss – non-current	30,000	<u>\$ 300</u>	10%	<u>\$ 300</u>	
Hua-Xia Construction Co., Ltd.	<u>Fund beneficiary certificate</u> FSITC Taiwan Money Market	"	Financial assets mandatorily measured at fair value through profit or loss – current	6,294,651.50	<u>\$ 100,506</u>		<u>\$ 100,506</u>	
Tainergy Technology (Kunshan) Co., Ltd.	<u>Floating-rate financial products</u> Kunshan Rural Commercial Bank Sharing – Ririgin net worth financial commodity	"	"		\$ 17,912		\$ 17,912	
	Kunshan Rural Commercial Bank Sharing – Yueying GX001D net worth financial commodity	"	"		80,604		80,604	
					2,519		2,519	
Kunshan Kunfu Electronic Materials Co., Ltd.	Kunshan Rural Commercial Bank Sharing – Tientienjin net worth financial commodity	"	"					
KENMEC TECHNOLOGY (SUZHOU) CO., LTD.	BNB WEALTH MANAGEMENT - Ning Xin Tian-Tian-Liu-Jin Wealth Management Products				<u>39,682</u>		<u>39,682</u>	
					<u>\$ 140,717</u>		<u>\$ 140,717</u>	

Note 1: As of December 31, 2024, MetAI Technology Co., Ltd. was still in the stage of fundraising, so the shareholding ratio could not be calculated.
Note 2: For more information on the investment in subsidiaries, affiliates and joint ventures, please refer to Table 6 and Table 7.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Purchases or sales of goods from and to related parties reaching NTD 100 million or more than 20% of the paid-in capital
2024

Table 4

Unit: NTD thousand

Purchaser/seller	Counterparty	Relationship	Transaction				Trading conditions different from those of regular transactions and reasons thereof (Note 1)		Notes/accounts receivable (payable)		Remarks (Note 2)
			Purchase (sale)	Amount	Percentage in total purchases (sales)	Loan period	Unit price	Loan period	Balance	Percentage in total notes/accounts receivable (payable)	
KENMEC MECHANICAL ENGINEERING CO., LTD.	TAISIC MATERIALS CO.	Parent and subsidiary	Sale	\$ 139,483	6.75%	T/T 120 days after acceptance	—	—	\$ 122,519	28.15%	—

Note 1: If the conditions of trading with related parties are different from those of regular transactions, the difference and the reasons thereof shall be indicated in the “price” and “loan period” columns.
Note 2: In case of receipts in advance or prepayments, the reasons, agreed terms and conditions, amount, and the different from regular transactions shall be indicated in the “Remark” column.
Note 3: Related transactions and period-end balances were removed from the consolidated financial statements.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Accounts Receivable from Related Parties Reaching NTD 100 Million or More Than 20% of Paid-in Capital
December 31, 2024

Table 5

Unit: NTD and foreign currency (thousand)

Company Booking Accounts Receivable	Counterparty	Relationship	Balance of Accounts Receivable from Related Parties	Turnover Rate	Overdue Accounts Receivable from Related Parties		Subsequent Recovered Amount of Accounts Receivable from Related Parties	Appropriated allowance for loss
					Amount	Treatment		
KENTEC INC.	TAISIC MATERIALS CO.	Fellow subsidiary	Other receivables	(Note 1)	\$ -	—	\$ -	\$ -
Tainergy Tech. Co., Ltd.	TAISIC MATERIALS CO.	Subsidiary	\$ 191,264 Other receivables	(Note 1)	-	—	-	-
Tainergy Technology (Kunshan) Co., Ltd.	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Fellow subsidiary	321,944 Other receivables	(Note 1)	-	—	-	-
KENMEC AUTOMATION ENGINEERING (KUNSHAN)	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Fellow subsidiary	314,145 RMB 70,153 Other receivables	(Note 1)	-	—	-	-
KENMEC MECHANICAL ENGINEERING CO., LTD.	Hua-Xia Construction Co., Ltd.	Parent and subsidiary	131,083 RMB 29,273 Other receivables	(Note 1)	-	—	65,033 RMB 14,634 100,000	-
KENMEC MECHANICAL ENGINEERING CO., LTD.	TAISIC MATERIALS CO.	Parent and subsidiary	100,000 Accounts receivable		-	—	2,360	-
			122,519	2.21				

Note 1: The amount is a refund of capital decrease receivable, lending of funds, and interest accrued, and is recognized as other receivables but not included in the calculation of turnover.

Note 2: Related transactions and period-end balances were removed from the consolidated financial statements.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Name and Territory of Investees and Other Relevant Information
2024

Table 6

Unit: NTD and foreign currency (thousand)

Name of investor	Name of investee	Territory	Main business operation	Original investment amount		Held at the end of the period			Current profit (loss) of investee	Profit (loss) from investments recognized in the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio (%)	Book value			
KENMEC MECHANICAL ENGINEERING CO., LTD.	Kenmec International Holding (BVI) Co., Ltd.	Wickhams Cay 1 P.O. BOX 362 Road Town Tortola British Virgin Islands	Investment holding business	\$ 1,168,764 USD 38,039	\$ 1,168,764 USD 38,039	\$ 38,038,752	100	\$ 320,904	\$ 124,857	\$ 125,011	Subsidiary
	Kenmec Communication Holding (BVI) Co., Ltd.	Wickhams Cay 1 P.O. BOX 3444 Road Town Tortola British Virgin Islands	Investment holding business	498,622 CNY 113,066	498,622 CNY 113,066	16,852,121	60.00	366,565	(19,042)	(11,424)	"
	Tainergy Tech. Co., Ltd.	No. 5, Ziqiang 1st Rd., Zhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City	Research, design, manufacture and sale of solar cells and module-related systems	1,942,337	1,942,337	61,132,856	27.17	437,914	(466,522)	(132,812)	"
	KENMEC VIETNAM COMPANY LIMITED	Plant B, Thach That – Quoc Oai Industrial Zone, Hanoi City, Vietnam	Manufacturing of electric water heaters, engineering machinery	122,347 USD 3,800	122,347 USD 3,800	-	100	111,570	5,214	5,214	"
	KENTEC INC.	No. 385-3, Hongzhen Road, Pingzhen District, Taoyuan City	Manufacturing of parts and components	1,724,554	1,724,554	47,252,154	89.16	638,578	(58,161)	(51,563)	"
	TAISIC MATERIALS CO.	No. 5, Ziqiang 1st Rd., Zhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City	Manufacturing and sales of electronic parts and components	107,000	107,000	4,400,000	8.80	(122,651)	(304,789)	(27,278)	"
	Chief Global Logistics Co., Ltd.	5F, No. 95, Nangang Sec., Nangang Dist., Taipei City	Warehousing	15,600	10,400	1,560,000	52.00	5,101	(21,824)	(11,349)	"
	Hua-Xia Construction Co., Ltd.	4F., No. 76, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City	Comprehensive Construction	100,980	200,980	10,000,000	100	100,111	4,011	4,011	"
	KENMEC AUTOMATION ENGINEERING (THAILAND) Co., Ltd.	No.654/1, Samyan Business Town, Soi Chinda Thawin 10, Rama 4 Road, Maha Phruetharam Sub-district, Bangrak District, Bangkok	Manufacturing, sales and maintenance of automation equipment and components	105,589 THB 113,000	22,725 THB 25,000	1,129,999	99.9999	102,945	(4,212)	(4,212)	"
	KENTEC INC.	Kenmec Communication Holding (BVI) Co., Ltd.	Investment holding business	431,714 USD 11,235	431,714 USD 11,235	11,234,747	40	244,376	19,042	(7,617)	"
Tainergy Tech. Co., Ltd.	Thuntech Co., Ltd.	6F., No. 95, Sec. 2, Nangang Rd., Nangang Dist., Taipei City, Taiwan	Manufacturing of charging piles and charging modules	-	-	-	-	-	(168)	(68)	"
	Tainergy Tech Holding (Samoa) Co., Ltd.	TrustNet Chambers Lotemau Centre, P.O. BoX 1225, Apia, Samoa.	Investment business	2,211,921 RMB 456,201	2,211,921 RMB 456,201	-	100	846,642	7,325	7,325	"
	VIETNERGY COMPANY LIMITED	Plant B, Thach That – Quoc Oai Industrial Zone, Quoc Oai District, Ha Noi City, Vietnam	Manufacture of high-tech solar cells and related cell components	1,465,491 USD 46,500	1,465,491 USD 46,500	-	100	112,243	(346,970)	(343,318)	"
	Star Solar New Energy Co., Ltd.	11F.-8, No. 398, Huanbei Rd., Neighborhood 11, Xinjie Vil., Zhongli Dist., Taoyuan City	Solar power generation and sale of solar power systems	5,000	5,000	500,000	35.71	4,217	1,229	315	Associate
	TAISIC MATERIALS CO.	No. 5, Ziqiang 1st Rd., Zhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City	Manufacturing and sales of electronic parts and components	238,280	238,280	23,828,000	47.656	10,064	(304,788)	(145,250)	"
	TAI VISION CO., LTD.	No. 5, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City	Wholesale and retail of contact lens	24,000	24,000	2,400,000	80	7,609	(19,591)	(15,673)	"
	Thuntech Co., Ltd.	6F., No. 95, Sec. 2, Nangang Rd., Nangang Dist., Taipei City, Taiwan	Manufacturing of charging piles and charging modules	4,932	-	50,000	100	4,832	(167)	(100)	"

Note 1: For more information on the investees in Mainland China, please refer to Table 6.

Note 2: Related transactions and period-end balances were removed from the consolidated financial statements.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Information on investments in Mainland China
2024

Table 7

Unit: NTD and foreign currency (thousand)

1. Information about investees in Mainland China, such as the name, main business operations, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment profit/loss, book value of investment, investment gain or loss having been remitted back:

Name of Chinese investees	Main business operation	Paid-in capital	Method of investment (Note 1)	Accumulated amount of investments from Taiwan at the beginning of the current period	Amount of investments remitted or recovered in current period		Accumulated amount of investments from Taiwan at the end of current period	Current profit (loss) of investee	The Company's shareholding of direct or indirect investment (%)	Profit (loss) from investments recognized in the current period (Note 2)	Book value of investment at ending	Profit received from investments as of end of current period	Remarks
					Remittance	Return							
KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	T.F.T. process equipment, semiconductor process equipment, industrial conveying machinery, and automatic storage equipment.	\$ 1,198,618 USD 38,800 (Note 3)	(2)-(1)	\$ 1,076,543 USD 34,900	\$ -	\$ -	\$ 1,076,543 USD 34,900	\$ 138,008 RMB 30,983	100.00	\$ 138,008 RMB 30,983 (2)-B	\$ 156,175 RMB 34,876	\$ -	
Suzhou Kenmec Property Development Ltd.	Real estate business	1,157,582 RMB 252,000 (Note 4)	(2)-(2)	-	-	-	-	(4,674) (RMB 1,066)	76.88	(8,210) (RMB 1,861) (2)-B	584,161 RMB 130,452	-	
KENMEC AUTOMATION ENGINEERING (KUNSHAN)	Automated flow line equipment and supporting equipment, display production equipment, semiconductor production equipment, etc.	266,914 RMB 60,000 (Note 5)	(2)-(1)	266,914 RMB 60,000	-	-	266,914 RMB 60,000	(12,993) (RMB 2,917)	100.00	(12,993) (RMB 2,917)	168,198 RMB 37,561	-	
KENTEC ELECTRONICS (SUZHOU) CO., LTD.	New electronic components (chip components), digital sounds, etc.	43,921 RMB 10,000	(2)-(6)	-	-	-	-	(3,345) (RMB 714)	34.51	(1,139) (RMB 247)	35,632 RMB 7,957	-	
KENMEC TECHNOLOGY (SUZHOU) CO., LTD.	New electronic components (chip components), digital sounds, etc.	855,358 USD 26,800 (Note 6)	(2)-(3)	666,701 USD 20,700	-	-	666,701 USD 20,700	(19,042) (RMB 4,274)	96.13	(19,324) (RMB 4,108)	587,274 RMB 131,147	-	
Anhui Rongyun Property Development Co., Ltd.	Real estate development	1,369,658 RMB 310,000	(2)-(7)	-	-	-	-	(33,590) (RMB 7,557)	39.59	(13,297) (RMB 2,991)	511,590 RMB 114,245	-	
Tainergy Technology (Kunshan) Co., Ltd.	R&D, design, production of high-tech green cells (solar cells) and their components	2,206,989 USD 70,000	(2)-(4)	2,206,989 USD 70,000	-	-	2,206,989 USD 70,000	7,324 RMB 1,659	27.17	1,990 RMB 451 (2)-B	229,988 RMB 51,359	-	
Kunshan Kunfu Electronic Materials Co., Ltd.	Sales and manufacture of electronic materials and parts	19,242 RMB 4,500	(2)-(5)	-	-	-	-	50 RMB 11	27.17	14 RMB 3 (2)-B	1,208 RMB 270	-	

Note 1: Investment is carried out through the following three means:
(1) Engaged in direct investment in Mainland China.
(2)-(1) Invested in Mainland China through Kenmec International Holding (BVI) Co., Ltd.
(2)-(2) Invested in Mainland China jointly through Kenmec Mecha-Tronics (Suzhou) Co., Ltd. and Tainergy Technology (Kunshan) Co., Ltd.
(2)-(3) Invested in Mainland China through Kenmec Communication Holding (BVI) Co., Ltd.
(2)-(4) Invested in Mainland China through Tainergy Tech Holding (Samoa) Co., Ltd.
(2)-(5) Invested in Mainland China through Tainergy Technology (Kunshan) Co., Ltd.
(2)-(6) Re-investment in Mainland China companies through KENTEC INC.
(2)-(7) Invested in Mainland China through KENMEC TECHNOLOGY (SUZHOU) CO., LTD.
(3) Other means.

- Note 2: In the “Profit (loss) from investments recognized in the current period” column:
- (1) An indication is needed if the investment is under preparation and there is no profit or loss.
 - (2) There are following three profit/loss recognition bases. The appropriate one must be indicated.
 - A. The financial statements audited and approved by an international accounting firm that has collaboration relationship with an accounting firm in the Republic of China.
 - B. The financial statements audited and approved by a CPA of the parent company in Taiwan.
 - C. Others (the unaudited financial statements of the aforesaid investees for the same period).
- Note 3: The earnings of the liquidated invested KENMEC Automation Engineering (Suzhou) Co., Ltd. Amounting to USD 3.90 million were used for capital increase.
- Note 4: The operating funds of the invested KENMEC MECHA-TRONICS (SUZHOU) CO., LTD. were used for reinvestment amounting to RMB 172 million and the operating funds of the invested Tainergy Technology (Kunshan) Co., Ltd. were used for investment amounting to RMB 80 million.
- Note 5: The operating funds of the invested Tainergy Technology (Kunshan) Co., Ltd. were used for reinvestment amounting to RMB 4.5 million.
- Note 6: In June 2021, Kenmec Technology (Suzhou) Co., Ltd. reduced its capital and refunded USD 15.2 million in shares.
2. Limit on the amount of investments in Mainland China:

Unit: foreign currency thousand/NTD thousand		
Accumulated amount of investments from Taiwan to Mainland China at the end of current period (Note 7)	Investment amount approved by the Investment Commission, MOEA	Limit on the amount of investments in Mainland China specified by the Investment Commission, MOEA (Note 8)
\$ 4,217,147 (USD 125,600 、RMB 60,000)	\$ 4,703,761 (USD 118,580 、RMB 182,250) (匯率：USD 32.785 、RMB 4.478)	\$ 3,498,752

- Note 7: Including Huang Pin Electronics (Suzhou) Co Ltd. after its liquidation in February 2012, the accumulated amount of investments from Taiwan that had not been remitted back was NTD 23,395 thousand (USD 657 thousand).
- Note 8: The Company recognizes the loss on the investment in Tainergy Tech. Co., Ltd. and KENTEC INC. under the equity method and exceeds the limit on the amount of investments in Mainland China specified by the Investment Commission, MOEA.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Information on Major Shareholders
December 31, 2024

Table 8

Names of major shareholders	Shares	
	Number of shares held	Shareholding percentage
Wei-Xin Investment Co., Ltd.	20,242,541	7.81%
CHING-FU HSIEH	14,267,707	5.50%
Zhao-Cheng Investment Co., Ltd.	13,414,651	5.17%

Note 1: The information on major shareholders is acquired from the data of Taiwan Depository & Clearing Corporation with respect to the shareholders holding aggregately 5% or more of the common and special stocks of the Company that have been registered and delivered in dematerialized form (including treasury stocks) on the last business day at the end of the current year. The capital stock stated in the consolidated financial reports of the Company may be different from the number of stocks that have been actually registered and delivered in dematerialized form due to different bases of compilation and calculation.

Note 2: In case any shareholder who transferred their stocks to a trustee, the information on such shareholder was disclosed based on the account of the principal subject to the trust account opened by the trustee. As for a shareholder who declares insider shares of more than 10% shareholdings pursuant to the securities and exchange regulations, the number of shares held includes the shares of the shareholder and the shares that he/she transferred to a trustee and for which he/she has the right to determine the application of the trust property. For more information on the declaration of insider shares, refer to the MOPS.

§STATEMENTS OF MAJOR ACCOUNTING ITEMS§

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KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Cash and Cash Equivalents
December 31, 2024

Statement 1 Unit: NTD thousand

Item	Summary	Amount
Cash on hand		\$ 1,278
Bank deposit		
Check and demand deposit		341,608
Foreign currency demand deposit	Including USD 292 thousand @32.785 JPY 66,958 thousand @0.2099 VND 59,871 thousand @0.0013 RMB 41 thousand @4.478 EUR 167 thousand @34.14 THB 6 thousand @0.9623 SGD395 thousand @24.13	39,115
Cash equivalents		
Foreign currency time deposit with an initial maturity date within 3 months	Including EUR 1,810 thousand @34.14	<u>1,061,794</u>
		<u>\$ 1,443,795</u>

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Financial Assets Measured at Fair Value through Profit or Loss – Current
December 31, 2024

Statement 2

Unit: NTD thousand unless otherwise specified

Name	Number of shares or unit	Par value	Amount	Unit price	Total
Current					
Overseas listed (OTC) stocks:					
HRC	35,000	-	\$ 1,822	52.07	\$ 1,822
EBS	39,800	-	551	13.84	551
HAC	93	-	1	12.95	1
SC5	34,848	-	994	28.51	994
PAN	64,687	-	1,951	30.16	1,951
SDT	33,120	-	168	5.08	168
IPA	370,800	-	<u>5,604</u>	15.11	<u>5,604</u>
			<u>\$ 11,091</u>		<u>\$ 11,091</u>

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Accounts Receivable
December 31, 2024

Statement 3

Unit: NTD thousand

Name of Customer	Summary	Amount
Non-related party accounts:		
Company A	Project income	\$ 50,860
Company B	"	45,549
Company C	"	40,255
Company D	"	24,077
Company E	"	19,057
Company F	"	16,045
Others (Note)	"	111,681
Less: Loss allowance		<u>-</u>
		<u>307,524</u>
Related party accounts:		
TAISIC MATERIALS CO.	Project income	122,519
KENTEC INC.	"	<u>5,016</u>
		<u>127,535</u>
		<u>\$ 435,059</u>

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Inventories
December 31, 2024

Statement 4

Unit: NTD thousand

Item	Summary	Amount	Cost and market price (whichever is lower)	
			Cost	Market price
Raw material	Project material	\$ 320,747	\$ 344,032	\$ 323,795
Work in process		19,621	19,621	19,621
Finished goods		<u>10,162</u>	<u>10,184</u>	<u>10,711</u>
		<u>\$ 350,530</u>	<u>\$ 373,837</u>	<u>\$ 354,127</u>

KENMEC MECHANICAL ENGINEERING CO., LTD.

Statement of Prepayments

December 31, 2024

Statement 5

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Prepayment for purchase	Prepayments for construction	\$ 89,918
Prepaid expenses	Additional tax	8,328
	Others (Note)	<u>38,330</u>
		<u>\$ 136,576</u>

Note: The balance of all the customers did not exceed the 5% of the balance of this item.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Changes in Financial Assets Measured at Fair Value through Profit or Loss – Non-current
2024

Statement 6

Unit: NTD thousand

Name of investee	At the beginning of the period		Increase in the current period		Decrease in the current period		Fair value valuation	At the end of the period			Provided as guarantee or pledge
	Number of pieces	Book value	Number of pieces	Amount	Number of pieces	Amount		Number of pieces	Shareholding ratio %	Book value	
Domestic non-listed (non-OTC) common stocks											
TeraSolar Energy Materials Corp.	1,776,637	\$ 22,972	-	\$ -	-	\$ -	\$ 7,124	1,776,637	10.01	\$ 30,096	None
Tao Garden Hotel Co., Ltd.	5,000,000	61,150	-	-	-	-	(16,600)	5,000,000	16.64	44,550	"
TMY Technology Inc.	871,421	<u>47,675</u>	700,000	<u>35,000</u>	-	<u>-</u>	<u>1,836</u>	1,571,421	3.44	<u>84,511</u>	"
		<u>\$ 131,797</u>		<u>\$ 35,000</u>		<u>\$ -</u>	<u>(\$ 7,640)</u>			<u>\$ 159,157</u>	

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Changes in Financial Assets Measured at Fair Value through Other Comprehensive Income – Non-current
2024

Statement 7

Unit: NTD thousand

Name of investee	At the beginning of the period		Increase in the current period		Decrease in the current period		Fair value valuation	At the end of the period			Provided as guarantee or pledge
	Number of pieces	Book value	Number of pieces	Amount	Number of pieces	Amount		Number of pieces	Shareholding ratio %	Book value	
Domestic non-listed (non-OTC) common stocks											
United Information System Service Co., Ltd.	780,000	\$ 33,267	-	\$ -	-	\$ -	(\$ 1,825)	780,000	14.29	\$ 31,442	None
Ecatch Automation Co., Ltd.	90,000	900	-	-	-	-	-	90,000	15.00	900	"
Meng-Lue Venture Investment Limited Partnership	-	15,000	-	-	-	-	-	-	7.14	15,000	"
Wonder Automation Co., Ltd.	197,722	10,000	-	-	-	-	-	197,722	9.74	10,000	"
DARA POWER Co., Ltd.	-	-	140,845	19,952	-	-	-	140,845	Note	19,952	
Domestic non-listed preference shares											
MetAI Technology Co., Ltd.	-	-	500,000	<u>10,000</u>	-	-	-	500,000	4.55	<u>10,000</u>	
		<u>\$ 59,167</u>		<u>\$ 29,952</u>		<u>\$ -</u>	(<u>\$ 1,825</u>)			<u>\$ 87,294</u>	

Note: As of December 31, 2024, MetAI Technology Co., Ltd. was still in the stage of fundraising, so the shareholding ratio could not be calculated.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Changes in Investment under Equity Method
December 31, 2024

Statement 8 Unit: NTD thousand unless otherwise specified

Name of investee	Balance – beginning of the period		Increase in the current period (Note 1)		Decrease in the current period (Note 2)		Investment profit (loss)	Unrealized profit/loss	Exchange differences on translation of financial statements of foreign operations	Net remeasurement of defined benefits plan	Others (Note 3)	Balance – ending of the period			Market price or net equity (Note 4)			
	N u m b e r o f s h a r e s	Amount	Number of shares	Amount	Number of shares	Amount						Number of shares	Shareholding ratio %	Amount	Unit price (NTD)	Total price	Provided as guarantee or pledge	
Publicly quoted common stocks																		
Tainergy Tech. Co., Ltd.	61,132,856	\$ 554,731	-	\$ -	-	\$ -	(\$ 132,886)	\$ 7,280	\$ 9,126	\$ 151	(\$ 486)	61,132,856	27.17	\$ 437,916	13.5	\$ 825,294	None	
Non-publicly quoted common stocks																		
Kenmec International Holding (BVI) Co., Ltd.	38,038,752	188,282	-	-	-	-	125,014	63	7,527	-	-	38,038,752	100	320,886	8.44	320,886	None	
KENMEC VIETNAM COMPANY LIMITED	-	104,647	-	-	-	-	5,214	-	1,709	-	-	-	100	111,570	-	111,570	None	
KENTEC INC.	47,252,154	914,528	-	-	-	(236,275)	(51,563)	-	8,918	1,127	1,841	47,252,154	89.16	638,576	13.51	638,576	None	
TAISIC MATERIALS CO.	4,400,000	(10,381)	-	-	-	-	(27,278)	(84,992)	-	-	-	4,400,000	8.8	(122,651)	-	(122,651)	None	
Hua-Xia Construction Co., Ltd.	20,000,000	187,929	-	-	(10,000,000)	(100,000)	4,011	8,171	-	-	-	10,000,000	100	100,111	3.27	100,111	None	
Chief Global Logistics Co., Ltd.	1,040,000	13,896	520,000	5,200	-	-	(11,349)	(2,646)	-	-	-	1,560,000	52	5,101	13.36	5,101	None	
KENMEC AUTOMATION ENGINEERING (THAILAND) Co., Ltd.	249,999	21,205	880,000	82,864	-	-	(4,212)	-	3,088	-	-	1,129,999	100	102,945	91.10	102,945	None	
Kenmec Communication Holding (BVI) Co., Ltd.	16,852,121	<u>365,298</u>	-	<u>-</u>	-	<u>-</u>	<u>(11,424)</u>	<u>-</u>	<u>12,691</u>	<u>-</u>	<u>-</u>	16,852,121	60	<u>366,565</u>	21.75	<u>366,565</u>	None	
		<u>\$ 2,340,135</u>		<u>\$ 88,064</u>		<u>(\$ 336,275)</u>	<u>(\$ 104,473)</u>	<u>(\$ 72,124)</u>	<u>\$ 43,059</u>	<u>\$ 1,278</u>	<u>\$ 1,355</u>			<u>\$ 1,961,019</u>		<u>\$ 2,348,397</u>		

Note 1: The increase in the current year was mainly due to the increase in capital.
Note 2: The decrease in the current year was mainly due to the refund of capital and the distribution of dividends.
Note 3: NTD 1,866 thousand of unrealized gain or loss on financial assets measured at fair value through other comprehensive income and NTD (511) thousand of changes in equity of subsidiaries
Note 4: The net worth of equity of the non-publicly quoted common stocks was calculated based on the shareholders’ equity of the investees and the shareholding ratio of the Company.

KENMEC MECHANICAL ENGINEERING CO., LTD.

Statement of Accounts Payable

December 31, 2024

Statement 9

Unit: NTD thousand

<u>Name of Customer</u>	<u>Summary</u>	<u>Amount</u>
Non-related party accounts:		
Company G	Payment for purchase	\$ 114,000
Company H	"	45,976
Others (Note)	"	<u>537,326</u>
		<u>697,302</u>
Related party accounts:		
KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Payment for purchase	24,633
TAISIC MATERIALS CO.	"	<u>1,470</u>
		<u>26,103</u>
		<u>\$ 723,405</u>

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Operating Revenue
2024

Statement 10		Unit: NTD thousand
Item	Quantity	Amount
Sales revenue	-	\$ 2,445
Project income	-	1,983,685
Service income	-	<u>78,936</u>
Total		<u>\$ 2,065,066</u>

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Operating Costs
2024

Statement 11

Unit: NTD thousand

Item	Amount
Project cost	
Construction inventory – beginning	\$ 267,757
Add: Purchase in current period	513,680
Return of residual material	3,004
Less: Cost to sell materials	(1,088)
Construction inventory – ending	(<u>373,837</u>)
Consumables in the current period	409,516
Contract work	905,155
Direct personnel	117,107
Manufacturing expense	<u>254,442</u>
Investment in the current period	1,686,220
Construction in progress – beginning	3,497,897
Add: Project income recognized under the percentage of completion method	1,911,046
Less: Advance construction payment receipts written off under the percentage of completion method	(1,379,363)
Transfer to construction repair cost	(70,092)
Transfer to Property, plant and equipment	(412)
Idle capacity	(26,191)
Construction in progress – ending	(<u>4,215,490</u>)
	<u>1,403,615</u>
Other operating costs	
Cost to sell materials	1,088
Repair cost	70,092
Loss on inventory valuation (gain on recovery)	(6,668)
Revenue from sale of scraps	632
Idle capacity	<u>26,191</u>
	<u>91,335</u>
	<u>\$ 1,494,950</u>

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Operating Expenses
2024

Statement 12

Unit: NTD thousand

Item	Marketing expense	Administrativ e expense	R&D expense	Total
Salary expense	\$ 41,446	\$ 99,272	\$ 122,612	\$ 263,330
Bonus	13,794	30,565	31,166	75,525
Depreciation	22,525	46,867	3,569	72,961
Insurance premium	4,760	15,793	1,383	21,936
Postage and phone/Fax expense	6,176	3,129	475	9,780
Expected credit impairment losses	-	11,877	-	11,877
Others	<u>27,440</u>	<u>71,725</u>	<u>87,717</u>	<u>186,882</u>
	<u>\$ 116,141</u>	<u>\$ 279,228</u>	<u>\$ 246,922</u>	<u>\$ 642,291</u>

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Current Employee Benefits, Depreciation and Amortization Expenses by Function
2024 and 2023

Statement 13

Unit: NTD thousand

	2024			2023		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Salary expense	\$ 161,072	\$ 322,742	\$ 483,814	\$ 183,448	\$ 362,820	\$ 546,268
Insurance expense	26,690	15,835	42,525	23,580	13,746	37,326
Remuneration to directors	-	3,505	3,505	-	3,700	3,700
Pension expense	4,605	16,113	20,718	6,712	11,638	18,350
Other employee benefit expenses	11,105	5,453	16,558	6,540	3,702	10,242
	<u>\$ 203,472</u>	<u>\$ 363,648</u>	<u>\$ 567,120</u>	<u>\$ 220,280</u>	<u>\$ 395,606</u>	<u>\$ 615,886</u>
Depreciation expenses	<u>\$ 35,127</u>	<u>\$ 72,961</u>	<u>\$ 108,088</u>	<u>\$ 33,722</u>	<u>\$ 53,950</u>	<u>\$ 87,672</u>
Amortization expenses	<u>\$ 2,037</u>	<u>\$ 4,007</u>	<u>\$ 6,044</u>	<u>\$ 2,743</u>	<u>\$ 3,494</u>	<u>\$ 6,237</u>

Notes:

- The number of employees in the year and in the previous year was 465 and 417, respectively, and the number of directors who were not employees was 3 and 4, respectively.
- The company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the information as follow:
 - The average employee benefit expenses in the current year were NTD 1,220 thousand ("Total employee benefit expenses in the current year - total remuneration to directors" / "Number of employees in the current year - number of directors who were not employees").
The average employee benefit expenses in the previous year were NTD 1,482 thousand ("Total employee benefit expenses in the previous year - total remuneration to directors" / "Number of employees in the previous year - number of directors who were not employees").
 - The average employee salary expenses in the current year were NTD 1,047 thousand (Total salary expenses in the current year / "Number of employees in the current year - number of directors who were not employees").
The average employee salary expenses in the previous year were NTD 1,323 thousand (Total salary expenses in the previous year / "Number of employees in the previous year - number of directors who were not employees").
 - The average employee salary expenses changed by -20.86% ("Average employee salary expense in the current year - average employee salary expense in the previous year" / average employee salary expense in the previous year).
 - The remuneration of NTD 0 to supervisors in the year and the remuneration of NTD 0 to supervisors in the previous year. (The Company has established the Audit Committee.)
- Remuneration policy:

Director remuneration policy

The Articles of Incorporation of the Company shall apply. The remuneration distribution of the Company's annual profit is determined with reference to the office term of the directors, the number of times directors attend board meetings, and their contribution to the Company (including but not limited to the number of the Company's shares held and provision of endorsement/guarantee for the Company).

Employee and managerial officer remuneration policy:

To enhance the remuneration system applicable to the directors and managerial officers of the Company, the Remuneration Committee of the Company assesses the remuneration policy and system with regard to the directors and managerial officers of the Company from the objective and professional point of view. At least two meetings are held every year and extraordinary meetings can be held whenever necessary to assist the Board of Directors in assessing and monitoring the overall remuneration policy and raise proposals as a reference for the Board of Directors to make decision.

The Remuneration Committee of the Company shall refer to the remuneration level and payment status of other companies in the industry as well as the business operation of the Company, personal performance of the employee, and the operating risk in the future, and shall not induce directors and managerial officers to be engaged in the activities beyond the risk tolerance of the Company for the purpose of pursuing remuneration. With respect to the time to distribute bonus in proportion with the short-term performance of directors and managerial officers, or remuneration that is partially variable, the Remuneration Committee shall consider the characteristics of the industry and the business nature of the Company to decide the proper time to pay. The Remuneration Committee shall faithfully exercise the following duties with the due care of a good administrator and submit the suggestions to the Board of Directors for discussion:

- (1) Ensure the level of the remuneration meets the requirement of labor laws and regulations and is good enough to attract the best talents.
- (2) Establish and periodically review the policy, system, standard and structure with respect to the performance evaluation of directors and managerial officers and the level of remuneration.
- (3) Establish and periodically evaluate the performance of the directors and managerial officers and the remuneration to them.
- (4) The contents and amounts of the remuneration to the directors and managerial officers shall be determined in consideration of its reasonableness. The remuneration to the directors and managerial officers shall not substantially deviate from the financial performance.