

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries

Consolidated Financial Statement with Independent Auditors' Report 2024 and 2023

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Declaration of Consolidated Financial Statement of Affiliated Companies

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2024 (January 1 to December 31, 2024) pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those to be included in the consolidated financial report of the parent company and subsidiaries pursuant to the Statement of International Financial Reporting Standards (IFRS) No. 10. Further, the related information to be disclosed in the consolidated financial report of affiliated enterprises has been disclosed in the said consolidated financial report of the parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial report of affiliated enterprises separately. In witness thereof, the Declaration is hereby presented.

Company name : KENMEC MECHANICAL ENGINEERING CO., LTD.
Person in charge : CHING-FU HSIEH

March 7, 2025

Independent Auditors' Report

To KENMEC MECHANICAL ENGINEERING CO., LTD.:

Audit opinion

We audited the consolidated balance sheets of KENMEC MECHANICAL ENGINEERING CO., LTD. and its subsidiaries (Kenmec Group) as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the periods from January 1 to December 31, 2024 and 2023, and the notes to the consolidated financial statements (including the summary of significant accounting policies).

In our opinion, the said consolidated 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 consolidated financial positions of the Kenmec Group as of December 31, 2024 and 2023, and the consolidated 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 consolidated financial statements" section in this report. We were independent of Kenmec Group, in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all 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 consolidated financial statements of Kenmec Group for the year 2024. Such matters were addressed during the overall audit of the consolidated financial statements 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 consolidated financial statements of Kenmec Group 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 project income, see Notes 4, 5 and 27 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.

The verification of the revenue from shipment to certain customers

The Group's Tainergy Tech. Co., Ltd. mainly engages in the research, design, manufacturing and sales of solar cells, panels and related systems. Since we presumed that revenue recognition was a significant risk based on the materiality principle and the Statements on Auditing Standards, we considered that the occurrence of the sales revenue from certain customers significant to the financial statements. Therefore, the verification of transactions with certain customers was listed as a key audit matter of the year. For the description of revenue recognition policies, see Note 4.

We performed the following main audit procedures:

1. We knew and tested the design and implementation of the internal control related to the recognition of revenue from parts of certain customers.
2. We carried out population sampling for the revenue statements of the said parts of certain customers, reviewed relevant supporting documents, and examined the collection of payments to confirm the occurrence of sales transactions.
3. We reviewed any material sales returns and discounts occurring after the balance sheet date to make sure whether there was any material misstatement of the sales revenue from the parts of certain customers.

Property, plant and equipment impairment

As of December 31, 2024, the carrying value of the Kenmec Group's property, plant and equipment was NTD 3,766,141 thousand, accounting for 31.63% of total assets, which was significant. For accounting policies and related disclosures on asset impairment assessment, please refer to Notes 4, 5 and 14 on the consolidated financial statement.

• TAISIC MATERIALS CO.

As the Group's Taisic Materials Co. is mainly engaged in the manufacturing and sale of silicon carbide products. Due to its investments in the field of silicon carbide, its current revenue is yet significant, resulting in idle production capacity. Management expects that the future economic benefits of property, plant and equipment will be reduced, resulting in its recoverable amount of property, plant and equipment being less than the carrying amount. Therefore, the Group recognized an impairment loss of NTD 51,753 thousand in 2024.

Management evaluated the recoverable amount of the property, plant and equipment impairment mentioned above based on the model of fair value less cost to sell, while referring to the adoption of the opinions in the expert's report as the basis. As the method and key assumption parameters used in the evaluation of the expert's valuation report have a high degree of professional judgment, the evaluation of property, plant and equipment impairment is listed as a key audit item.

Our principal audit procedures for the above description include:

1. To understand management's process and approval process in evaluating the provision of impairment for property, plant and equipment.
2. We evaluated the professional experience, suitability and independence of the independent valuation experts appointed by management and verified the qualifications of the independent valuation experts. We also adopted our financial advisors to assist in the evaluation of the appropriateness of the methods and assumptions used by the independent valuation experts in the evaluation of fair value.
3. We have used our financial advisors to assist in sampling parameters and historic information or external information used by the independent valuation experts to ensure the reasonableness of the valuation parameters used.

• VIETENERGY COMPANY LIMITED

Due to the rapid change of market demand for solar energy and technology, management expects that some of the property, plant and equipment of VIETENERGY Co., Ltd., subsidiary of Kenmec Group, may not be economically viable in the future due to the upgrade of product specifications. The operation of this year was affected by the unfavorable impact of the anti-dumping and countervailing order on solar cells and modules in the U.S., resulting in the recoverable amount of VIETENERGY less than the carrying amount. Therefore, the Group recognized an impairment loss of NTD 197,587 thousand in 2024.

Management evaluated the recoverable amount of the property, plant and equipment impairment mentioned above based on the model of fair value less cost to sell, while referring to the adoption of the opinions in the expert's report as the basis. As the method and key assumption parameters used in the evaluation of the expert's valuation report have a high degree of professional judgment, the evaluation of property, plant and equipment impairment is listed as a key audit item.

Our principal audit procedures for the above description include:

1. To understand management's process and approval process in evaluating the provision of impairment for property, plant and equipment.
2. We evaluated the professional experience, suitability and independence of the independent valuation experts appointed by management and then verified their qualifications. We also evaluated whether the methods and assumptions used by the independent evaluation experts to evaluate the fair value were appropriate.
3. We sampled and compared the valuation parameters used by the independent valuation experts with historical data or external information to verify the reasonableness of the parameters used.

Other Matters

For the parent company only financial reports prepared by Kenmec Mechanical Engineering Co., Ltd. in 2024 and 2023, we had an independent auditors' report issued with an unqualified opinion for reference.

Responsibility of the management and governance unit for the consolidated financial statements

Management was responsible for preparation of the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and the statements of interpretation approved and released by the Financial Supervisory Commission and maintaining the necessary internal control related to preparation of the consolidated financial statements to ensure that the consolidated financial statements were free of material misstatement due to fraud or error.

During preparation of the consolidated financial statements, management was also responsible for evaluating Kenmec Group's ability as a going concern, disclosure of relevant matters, and application of the going concern basis of accounting unless management intended to make Kenmec Group enter into liquidation or terminate its operations, or there were no other actual or feasible solutions other than liquidation or termination of its operations.

Kenmec Group's governance unit (including the Audit Committee) was responsible for supervising the financial reporting procedures.

CPA's responsibility for the audit of the consolidated financial statements

We audited the consolidated financial statements for the purpose of obtaining reasonable assurance about whether the consolidated financial statements were free of material misstatement due to fraud or error and issuing an audit report. 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 the individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of the users of the consolidated financial statements, the misstatement was deemed 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 consolidated financial statements 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 Group'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 management and whether the event or circumstances which might cause major doubts about Kenmec Group's ability as a going concern had a material uncertainty. If any material uncertainty was deemed to exist in such event or circumstance, we must provide a reminder in the audit report for the users of the consolidated financial statements to pay attention to the 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 Group, would no longer have its ability as a going concern.
5. We evaluated the overall presentation, structure, and contents of the consolidated financial statements (including the relevant notes) and whether the consolidated financial statements presented relevant transactions and events fairly.
6. We acquired sufficient and appropriate audit evidence for the financial information of the entities forming the Group to provide opinions regarding the consolidated financial statements. We were responsible for instruction, supervision and conduct of the Group's audit cases, as well as the expression of the audit opinions for the Group.

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 Group consolidated financial statements 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. and Subsidiaries
Consolidated 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)	\$ 2,379,762	20	\$ 1,690,444	15
1110	Financial assets measured at fair value through profit or loss – current (Note 7)	252,314	2	456,717	4
1136	Financial assets measured at amortized cost – current (Note 9)	196,532	2	281,783	2
1140	Contract assets – current (Notes 25 and 27)	734,461	6	504,916	4
1150	Notes receivable – non-related parties (Note 10)	378	-	2,556	-
1170	Accounts receivable – non-related parties (Note 10)	408,164	3	512,174	4
1200	Other receivables (Notes 10 and 32)	109,284	1	41,874	-
1210	Other receivables – related parties (Notes 10 and 36)	25,435	-	82,842	1
1220	Current income tax assets (Note 29)	14,523	-	9,479	-
130X	Inventory (Note 11)	572,111	5	551,541	5
1421	Prepayments (Note 18)	219,344	2	201,887	2
1470	Other current assets (Notes 18 and 36)	333,689	3	242,419	2
11XX	Total current assets	5,245,997	44	4,578,632	39
	Non-current assets				
1510	Financial assets measured at fair value through profit or loss – non-current (Note 7)	159,457	1	131,797	1
1517	Financial assets measured at fair value through other comprehensive income – non-current (Note 8)	124,940	1	59,167	1
1535	Financial assets measured at amortized cost – non-current (Note 9)	71,622	1	89,676	1
1550	Investment under the equity method (Note 13)	575,822	5	574,181	5
1600	Property, plant and equipment (Note 14)	3,766,141	32	4,130,074	35
1755	Right-of-use assets (Note 15)	446,197	4	497,086	4
1760	Investment property (Note 16)	986,178	8	1,049,314	9
1780	Other intangible assets (Note 17)	10,840	-	14,665	-
1840	Deferred income tax assets (Note 29)	148,671	1	180,664	2
1915	Prepayment for equipment (Note 18)	33,586	-	83,430	1
1920	Guarantee deposits paid (Note 18)	95,940	1	111,921	1
1990	Other non-current assets (Notes 10 and 18)	242,322	2	172,119	1
15XX	Total non-current assets	6,661,716	56	7,094,094	61
1XXX	Total assets	\$ 11,907,713	100	\$ 11,672,726	100
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Note 19)	\$ 710,649	6	\$ 933,350	8
2110	Short-term notes payable (Note 19)	-	-	37,000	-
2120	Financial liabilities measured at fair value through profit or loss – current (Note 7)	-	-	11	-
2130	Contract liabilities – current (Note 25 and 27)	808,732	7	677,550	6
2150	Notes payable – non-related parties (Note 20)	6,472	-	-	-
2170	Accounts payable – non-related parties (Note 20)	786,679	7	672,228	6
2180	Accounts payable – related parties (Note 20 and 36)	-	-	2,605	-
2200	Other payables (Note 22)	422,352	3	554,121	5
2220	Other payables – related parties (Notes 22 and 36)	4,539	-	2,362	-
2230	Current income tax liabilities (Note 29)	623	-	2,148	-
2250	Liability reserve – current (Note 23)	20,292	-	45,980	-
2280	Lease liabilities – current (Note 15)	38,865	-	51,287	1
2313	Deferred income (Notes 22 and 32)	28,304	-	47,399	-
2320	Long-term liabilities due within one year (Note 19)	65,585	1	103,735	1
2399	Other current liabilities (Note 22)	21,810	-	41,964	-
21XX	Total current liabilities	2,914,902	24	3,171,740	27
	Non-current liabilities				
2500	Financial liabilities measured at fair value through profit or loss – non-current (Note 7)	3,900	-	-	-
2530	Bonds payable (Note 21)	570,483	5	-	-
2540	Long-term loans (Note 19)	2,166,716	18	2,244,378	19
2550	Liability reserve – non-current (Note 23)	2,014	-	2,014	-
2570	Deferred income tax liabilities (Note 29)	59,453	1	58,604	-
2580	Lease liabilities – non-current (Note 15)	253,373	2	285,709	2
2630	Long-term deferred income (Notes 22 and 32)	58,779	1	58,665	1
2640	Net defined benefit liabilities – non-current (Note 24)	5,472	-	5,972	-
2670	Other non-current liabilities (Note 22)	41,368	-	64,994	1
25XX	Total non-current liabilities	3,161,558	27	2,720,336	23
2XXX	Total liabilities	6,076,460	51	5,892,076	50
	Equity attributable to the owner of the Company (Note 26)				
3110	Common stock capital	2,590,112	22	2,490,112	21
3200	Capital reserves	1,416,239	12	456,725	4
	Retained earnings				
3310	Legal reserves	247,047	2	182,797	2
3320	Special reserves	297,092	2	297,092	3
3350	Undistributed earnings	224,446	2	848,592	7
3300	Total retained earnings	768,585	6	1,328,481	12
	Other equity				
3410	Exchange differences on translation of financial statements of foreign operations	(217,796)	(2)	(255,739)	(2)
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	(225,963)	(2)	(263,947)	(2)
31XX	Total equity of the Company's owner	4,548,973	38	4,011,371	35
36XX	Non-controlling interests (Note 26)	1,282,280	11	1,769,279	15
3XXX	Total equity	5,831,253	49	5,780,650	50
	Total liabilities and equity	\$ 11,907,713	100	\$ 11,672,726	100

The attached notes are part of the consolidated financial statement.

Chairman: CHING-FU HSIEH

Manager: CHIH-CHUN KE

Accounting Manager: YA-LING CHU

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries

Consolidated 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	%
4100	Operating revenue (Note 27)	\$ 2,697,025	100	\$ 5,551,490	100
5110	Operating costs (Notes 11, 28 and 36)	(2,220,387)	(82)	(4,402,168)	(79)
5950	Operating gross profit	476,638	18	1,149,322	21
	Operating expenses (Notes 28 and 36)				
6100	Marketing expense	(157,417)	(6)	(170,230)	(3)
6200	Administrative expense	(609,847)	(23)	(637,948)	(12)
6300	R&D expense	(417,748)	(15)	(358,827)	(6)
6450	Expected credit impairment losses (Note 10)	(2,523)	-	(76,413)	(1)
6000	Total operating expenses	(1,187,535)	(44)	(1,243,418)	(22)
6900	Operating loss – net	(710,897)	(26)	(94,096)	(1)
	Non-operating revenue and expenses (Notes 13, 28 and 36)				
7100	Interest income	49,163	2	69,668	1
7010	Other revenue	280,156	10	943,950	17
7020	Other profits and losses	(134,675)	(5)	(95,218)	(2)
7050	Financial costs	(84,020)	(3)	(54,853)	(1)
7060	The share of the profit or loss of affiliated companies, joint ventures that adopt equity method	(14,794)	(1)	(15,107)	-
7000	Total non-operating revenue and expenses	95,830	3	848,440	15
7900	Net profit (loss) before tax	(615,067)	(23)	754,344	14
7950	Income tax expense (Note 29)	(29,012)	(1)	(107,324)	(2)
8200	Current net profit (loss)	(644,079)	(24)	647,020	12

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Code		2024		2023	
		Amount	%	Amount	%
	Other comprehensive income				
	Titles not reclassified as profit or loss:				
8311	Remeasurement of the defined benefit plan (Note 24)	\$ 7,376	-	(\$ 2,551)	-
8316	Unrealized valuation profit/loss on investment in equity instruments measured at fair value through other comprehensive income (Note 26)	241	-	3,299	-
8349	Income tax relating to non-reclassified items (Note 29)	(<u>240</u>)	-	<u>581</u>	-
8310		<u>7,377</u>	-	<u>1,329</u>	-
	Titles likely to be reclassified as profit or loss subsequently:				
8361	Exchange differences on translation of financial statements of foreign operations (Note 26)	68,171	3	(62,949)	(1)
8399	Income tax related to items likely to be reclassified (Note 29)	(<u>5,116</u>)	-	<u>2,317</u>	-
8360		<u>63,055</u>	3	(<u>60,632</u>)	(<u>1</u>)
8300	Other comprehensive income (after tax) in the year	<u>70,432</u>	3	(<u>59,303</u>)	(<u>1</u>)
8500	Total comprehensive income for the year	(<u>\$ 573,647</u>)	(<u>21</u>)	<u>\$ 587,717</u>	<u>11</u>
	Net profit (loss) attributable to:				
8610	The owner of the Company	(\$ 143,227)	(5)	\$ 795,997	15
8620	Non-controlling equity	(<u>500,852</u>)	(<u>19</u>)	(<u>148,977</u>)	(<u>3</u>)
8600		(<u>\$ 644,079</u>)	(<u>24</u>)	<u>\$ 647,020</u>	<u>12</u>
	Total comprehensive income attributable to:				
8710	The owner of the Company	(\$ 98,593)	(4)	\$ 776,568	14
8720	Non-controlling equity	(<u>475,054</u>)	(<u>17</u>)	(<u>188,851</u>)	(<u>3</u>)
8700		(<u>\$ 573,647</u>)	(<u>21</u>)	<u>\$ 587,717</u>	<u>11</u>
	Earnings (losses) per share (Note 30)				
9710	Basic	(<u>\$ 0.56</u>)		<u>\$ 3.20</u>	
9810	Diluted	(<u>\$ 0.56</u>)		<u>\$ 3.19</u>	

The attached notes are part of the consolidated financial statement.

Chairman: CHING-FU HSIEH

Manager: CHIH-CHUN KE

Accounting Manager: YA-LING CHU

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2024 and 2023

Unit: NTD thousand

Equity attributable to the owner of the Company													
		Share capital		Retained earnings				Other equity					
Code		Number of shares (thousand shares)	Common stock capital	Capital reserves	Legal reserves	Special reserves	Undistributed 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	Treasury stocks	Total	Non-controlling equity	Total equity
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	\$ 1,907,084	\$ 5,514,892
	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)	-	(401,885)
	Other changes in capital reserves:												
C7	Changes in affiliates recognized under the equity method	-	-	(220)	-	-	-	-	-	-	(220)	(13)	(233)
M7	Changes in ownership interests in subsidiaries	-	-	122,144	-	-	(151,564)	(5,204)	-	-	(34,624)	34,624	-
N1	Employee stock options issued by the Company	-	-	40,932	-	-	-	-	-	22,792	63,724	-	63,724
D1	Net profit in 2023	-	-	-	-	-	795,997	-	-	-	795,997	(148,977)	647,020
D3	Other comprehensive income after tax in 2023	-	-	-	-	-	(1,933)	(20,795)	3,299	-	(19,429)	(39,874)	(59,303)
D5	Total comprehensive income in 2023	-	-	-	-	-	794,064	(20,795)	3,299	-	776,568	(188,851)	587,717
O1	Changes in non-controlling interests (Note 26)	-	-	-	-	-	-	-	-	-	-	16,435	16,435
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	1,769,279	5,780,650
	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)	-	(423,319)
E1	Cash capital increase	10,000	100,000	800,000	-	-	-	-	-	-	900,000	-	900,000
	Other changes in capital reserves:												
M5	Actual acquisition or disposal of part of interests in subsidiaries	-	-	(511)	-	-	-	-	-	-	(511)	511	-
C5	The Company's convertible corporate bonds are recognized as equity	-	-	141,525	-	-	-	-	-	-	141,525	-	141,525
N1	Employee stock options issued by the Company	-	-	18,500	-	-	-	-	-	-	18,500	-	18,500
D1	Net loss in 2024	-	-	-	-	-	(143,227)	-	-	-	(143,227)	(500,852)	(644,079)
D3	Other comprehensive income after tax in 2024	-	-	-	-	-	6,650	37,943	41	-	44,634	25,798	70,432
D5	Total comprehensive income in 2024	-	-	-	-	-	(136,577)	37,943	41	-	(98,593)	(475,054)	(573,647)
O1	Changes in non-controlling interests (Note 26)	-	-	-	-	-	-	-	-	-	-	(12,456)	(12,456)
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	\$ 1,282,280	\$ 5,831,253

The attached notes are part of the consolidated financial statement.

Chairman: CHING-FU HSIEH

Manager: CHIH-CHUN KE

Accounting Manager: YA-LING CHU

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Consolidated 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	(\$ 615,067)	\$ 754,344
A20010	Profit and expense/loss:		
A20100	Depreciation expenses	365,332	415,165
A20200	Amortization expenses	9,285	8,983
A20300	Expected credit impairment losses	2,523	76,413
A20400	Profit or loss on financial assets and liabilities measured at fair value through profit or loss	(960)	(43,947)
A20900	Financial costs	84,020	54,853
A21200	Interest income	(49,163)	(69,668)
A21300	Dividend revenue	(2,675)	(4,406)
A21900	Compensation cost of employee stock options	18,500	40,993
A22300	The share of the profit or loss of affiliated companies, joint ventures that adopt equity method	14,794	15,107
A23000	Gains on disposal of non-current assets held for sale	-	(808,407)
A22500	Profit on disposal of property, plants and equipment	(1,302)	(98)
A22700	Disposal of investment property benefits	(50,423)	-
A22900	Profit on lease modification	(565)	(143)
A23700	Loss (reversal of loss) on inventory valuation and obsolescence	(22,828)	50,990
A23800	Impairment loss from non-financial assets	249,340	151,555
A29900	Reversal of deferred income	(15,048)	(2,161)
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(95,765)	(104,838)
A31130	Notes receivable	2,178	56,585
A31140	Notes receivable – related parties	-	61,718
A31150	Accounts receivable	108,946	(197,081)
A31160	Accounts receivable – related parties	-	13,104
A31180	Other receivables	(70,215)	(4,633)
A31190	Other receivables – related parties	(712)	4,397
A31200	Inventory	2,258	385,332
A31230	Prepayments	(17,457)	27,870
A31240	Other current assets	(91,270)	32,630
A31990	Net defined benefit assets	10,760	(4,163)

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C o d e		2024	2023
A3190	Other non-current assets	(\$ 74,667)	\$ 5,219
A32125	Contract liabilities	131,182	(601,880)
A32130	Notes payable	6,472	(1,348)
A32150	Accounts payable	114,451	38,188
A32160	Accounts payable – related parties	(2,605)	476
A32180	Other payables	(110,672)	(9,303)
A32190	Other payables – related parties	2,177	(1,393)
A32200	Liability reserve	(25,688)	21,642
A32230	Other current liabilities	(20,154)	(14,901)
A32240	Net defined benefit liabilities	-	(55,833)
A32250	Other non-current liabilities	(10,476)	-
A32990	Deferred income	(5,950)	(1,059,092)
A33000	Cash generated from operations	(161,444)	(767,731)
A33100	Interest received	50,483	65,979
A33300	Interest paid	(77,801)	(54,876)
A33500	Income tax paid	(8,095)	(109,292)
AAAA	Net cash outflow from operating activities	(196,857)	(865,920)
Cash flows from investing activities			
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	(64,952)	(17,500)
B00050	Disposal of financial assets measured at amortized cost	86,810	10,339
B00100	Acquisition of financial assets measured at fair value through profit or loss	(1,292,491)	(2,720,788)
B00200	Disposal of financial assets measured at fair value through profit or loss	1,473,264	2,848,950
B01800	Acquisition of long-term equity investment under the equity method	-	(68,625)
B02000	Increase in prepayments for investment	-	(580)
B02600	Proceeds from disposal of non-current assets held for sale	-	1,101,437
B02700	Purchase of property, plants and equipment	(254,756)	(2,125,665)
B02800	Proceeds from disposal of property, plant and equipment	1,467	1,290
B03700	Increase in guarantee deposits paid	-	(79,838)
B03800	Decrease in guarantee deposits paid	15,981	-
B04300	Other receivables – related parties	58,119	(17,395)
B04500	Purchase of intangible assets	(5,458)	(4,383)
B05350	Acquisition of right-of-use assets	(1,157)	(15,404)
B05500	Disposal of investment property price	74,911	-
B07100	Increase in prepayments for equipment	-	(15,561)

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Code		2024	2023
B07200	Decrease in prepaid equipment purchase	\$ 48,741	\$ -
B07600	Dividends received	<u>2,675</u>	<u>4,406</u>
BBBB	Net cash inflow (outflow) from investing activities	<u>143,154</u>	(<u>1,099,317</u>)
	Cash flows from financing activities		
C00100	Increase in short-term loans	-	599,668
C00200	Decrease in short-term loans	(222,701)	-
C00500	Increase in short-term notes payable	-	37,000
C00600	Decrease in short-term notes payable	(37,000)	-
C01200	Issuance of corporate bonds	708,087	-
C01600	Borrowing of long-term loans	450,000	1,850,000
C01700	Repayment of long-term loans	(565,812)	(524,580)
C03000	Increase in guarantee deposits received	-	12,363
C03100	Decrease in guarantee deposits received	(13,150)	-
C04020	Repayment of the principal of leases	(52,095)	(42,861)
C04500	Payment of dividends to the owner of the Company	(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
C05800	Changes in non-controlling interests	4,800	23,479
C09900	Payment of non-controlling equity cash dividends	(<u>17,256</u>)	(<u>7,044</u>)
CCCC	Net cash inflow from financing activities	<u>731,554</u>	<u>1,568,871</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>11,467</u>	(<u>16,485</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	689,318	(412,851)
E00100	Balance of cash and cash equivalents at beginning of the year	<u>1,690,444</u>	<u>2,103,295</u>
E00200	Balance of cash and cash equivalents at ending of the year	<u>\$ 2,379,762</u>	<u>\$ 1,690,444</u>

The attached notes are part of the consolidated financial statement.

Chairman: CHING-FU HSIEH

Manager: CHIH-CHUN KE

Accounting Manager: YA-LING CHU

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
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 consolidated financial statement is expressed in New Taiwan dollars, the functional currency of the Company.

II. Approval date and procedures of the financial report

The consolidated financial statements were 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).

Apart from those described below, the Group expected no material changes to the accounting policies of the Group after adopting the amended IFRSs approved and released by the FSC.

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (amendment in 2020) and “Non-current Liabilities with Covenants” (amendment in 2022)

The amendments in 2020 clarify that when determining whether a liability is classified as non-current, it shall assess whether the Group has the right to defer the settlement of the liability at the end of the reporting period for at least 12 months after the reporting period. If the Group has such a right at the end of the reporting period, the liabilities are classified as non-current liabilities no matter whether the Group is expected to exercise the right.

The 2020 amendments further stipulate that if the Group must comply with certain conditions in order to have the right to defer the repayment of the liability, the Group must have followed the requirements before the end of a reporting period; the same shall apply even if the lender checks the Group’s compliance with such requirements on a later date. The amendment in 2022 further clarifies that only covenants that are required to be followed prior to the reporting period end date affect the classification of the liability. Although the covenants to be followed within 12 months after the reporting period do not affect the classification of liabilities, relevant information must be disclosed to enable users of the financial statements to understand that the corporate may not be able to comply with the covenants and be required to make repayments within 12 months after the reporting period.

The amendment in 2020 regulates that, for the purpose of liability classification, the aforementioned settlement of liabilities refers to a transfer of cash, other economic resources or the Group's equity instruments to the counterpart to eliminate the liabilities. However, if the terms and conditions of liabilities may, at the option of the counterpart, result in settlement of the liabilities by the transfer of the Group's equity instruments, and the option is recognized as equity separately in accordance with IAS 32 "Financial Instruments: Presentation," the aforementioned terms and conditions do not affect the classification of the liabilities.

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

New/Amended/Revised Standards and Interpretation	Effective Date per IASB (Note 1)
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 consolidated financial reports, the Group 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 it is unable to find a more informative label.
- Increasing the disclosure of the performance measurement defined by management: When the Group has open communication outside the financial statements, and when management’s view of the Group’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.

Except for the above-mentioned effects, up to the approval and release date of the consolidated financial statement, the Group assessed the effects of the amendments to other standards and interpretations on the financial position and performance on a continuous basis. The relevant effects would be disclosed after the assessment.

IV. Summary of significant accounting policies

(I) Statement of compliance

The consolidated financial statement was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and released by the FSC.

(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 consolidated 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.

(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 to be settled within 12 months after the balance sheet date, (irrelevant whether any long-term re-financing or payment re-arrangement agreement has been completed after the balance sheet date and before the date of release of financial reports; such liabilities are still current liabilities); 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 Group's equity instruments at the option of the counterparty, if the Group classifies the option as an equity instrument, the terms and conditions do not affect the liability classification as current or non-current.

The Group engages in construction projects with an operating cycle longer than one year. Therefore, the assets and liabilities related to the constructions are classified as current or non-current based on the normal operating cycle.

(IV) Basis for consolidation

The consolidated financial statement are financial reports including the Company and the entities controlled (subsidiaries, including structured entities). The operating profits and losses of acquired or disposed subsidiaries from the acquisition date to the disposal date in the current period are included in the consolidated statement of comprehensive income. The financial reports of the subsidiaries are adjusted to have their accounting policies consistent with those of the Group. All the transactions, account balances, profits, and expenses/losses between entities are eliminated during preparation of the consolidated financial statement. The total comprehensive income of the subsidiaries is attributable to the owner of the Company and the non-controlling interests even though this results in the non-controlling interests having a deficit balance.

Changes to the Group's equity ownership in the subsidiaries are treated as equity transactions if the changes do not result in loss of control. The book values of the Group and the non-controlling equity are adjusted to reflect the changes in their relative equity in the subsidiaries. The difference between the adjusted amount of the non-controlling equity and the fair value of any paid or received consideration is directly recognized as equity and attributable to the owner of the Company.

For the subsidiaries' details, shareholding ratios, and business operations, please refer to Note 12 and Table 7 and 8.

(V) Foreign currency

During preparation of each entity's financial reports, transactions using currencies other than the entity's functional currency (foreign currencies) are stated in the functional currency at 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 consolidated financial statements, the assets and liabilities of 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) are translated into NTD at the exchange rate on each balance sheet date. Their profit and expense/loss items were translated at the average exchange rate of the period, and the exchange differences resulting therefrom were recognized in other comprehensive income (and attributable respectively to the owner of the Company and the non-controlling interests).

If the Group disposes all the interests of foreign operations or disposes their partial interest in a subsidiary and lose the control thereover, or the retained equity interest after disposal of the joint agreements or associates of the foreign operations is stated as financial assets and treated with the same accounting policy as the one for financial instruments, all the accumulated exchange differences attributable to the owner of the Group and related to the foreign operations are reclassified as profit or loss.

When partial disposal of the subsidiary of the foreign operations does not lead to loss of control, any accumulated exchange differences are re-attributed in proportion to the subsidiary's non-controlling equity but not recognized as profit or loss. For any other partial disposal of foreign operations, any accumulated exchange differences are reclassified as profit or loss based on the proportion of the disposal.

(VI) Inventory

Inventory includes raw materials, materials, finished goods work in process, and real estate held for sale. 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.

(VII) Investment in associates and joint ventures

An associate refers to a company over which the Group has a significant influence, but it is not a subsidiary or joint venture. A joint venture refers to a joint arrangement over which the Group and another company have joint control, and the Group and such company are entitled to net assets.

The Group adopts the equity method for investment in associates and joint ventures.

Under the equity method, the investment in associates and joint ventures 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 Group's shares of profit/loss and other comprehensive income in the associates and joint ventures and the distributed profits. In addition, changes to the equity in the associates and to the joint ventures are recognized based on shareholding ratios.

When the acquisition cost exceeds the Group's shares of the net fair value of the associates and joint ventures' identifiable assets and liabilities on the date of acquisition, such excess is recognized as goodwill which is included in the book value of such investment and may not be amortized; when the Group's shares of the net fair value of the associates and joint ventures' identifiable assets and liabilities on the date of acquisition exceed the acquisition cost, such excess is recognized as profit/loss of the period.

When the Group does not subscribe for new shares issued by the associates and joint ventures based on our shareholding ratio, resulting in changes to the shareholding ratio and consequently to the net equity value of investment, these changes are used for adjustment of the capital reserve – changes in the net equity of associates and joint ventures recognized under the equity method and the investments under equity method. However, if subscription or acquisition of the shares is not based on the shareholding ratio, leading to a decrease in the Group's ownership equity in the associates and joint ventures, the amounts related to the associate and joint venture in other comprehensive income are reclassified according to the percentage of such decrease and treated with the same accounting treatment basis as the one which the associates and joint ventures' direct disposal of relevant assets or liabilities shall be in accordance with. If the adjustment is debited to capital reserves, and the balance of capital reserves arising from investment under equity method is insufficient to be offset, the difference is debited to retained earnings.

When the Group's shares of losses in the associates are equal to or exceed the equity in the associates and joint ventures (including the carrying amount of investment in the associate and joint venture under the equity method and other long-term equities that in nature are part of the net investment portfolio made by the Group in the associate and joint venture concerned), we do not recognize further losses. The Group recognizes additional losses and liabilities only when any legal obligation or constructive obligation is incurred or the Group makes payment on behalf of the associates and joint ventures.

For impairment evaluation, the Group examines the entire investment book value (including goodwill) for impairment as a single asset by comparing the recoverable amount and book value of the investment. Any recognized impairment loss is not allocated to any assets forming any part of the book value of the investment, including goodwill. Any reversal of the impairment loss is recognized to the extent of a subsequently increase in the recoverable amount of the investment.

Once the investment is not classified as investment in associates and joint ventures, the Group stops under the equity method and measures the retained equity interests in the former associates and joint ventures at fair value. The differences between the fair value of the retaining earnings, proceeds from disposal and the investment book value on the date when the equity method is discontinued are recognized as profit or loss of the period. Besides this, for total amounts related to the associate and joint venture in other comprehensive income, the basis of accounting treatment thereof is the same as the basis which the associates and joint ventures' direct disposal of relevant assets or liabilities shall be in accordance with. When the investment in associates became the investment in joint ventures, or the investment in joint ventures became the investment in associates, the Group continues to use the equity method but does not remeasure retained equity interests.

The profit or loss generated from the upstream, downstream and side stream transactions between the Group and the associates and between the Group and the joint ventures is recognized in the consolidated financial reports only to the extent that such profit or loss is irrelevant to the Group's equity in the associates and joint ventures.

(VIII) 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.

The property, plant and equipment under construction are recognized based on the cost net of accumulated impairment losses. The cost included professional service fees and the loan costs eligible for capitalization. Once the assets are completed and ready for their intended use, the assets are classified as appropriate items under property, plant and equipment, and the depreciation of the assets starts.

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 Group reviews the estimated useful life, residual value and method of depreciation at least on the end day of each year. and applies the effect of changes in applicable accounting estimates prospectively.

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.

(IX) Investment property

An investment property refers to a property held for earning rent income or for capital appreciation, or both. Investment property includes the land held without a definite purpose of use.

The investment property for internal use was initially measured based on the cost (including transaction cost) and subsequently measured based on the cost net of accumulated depreciation and accumulated impairment losses.

All the investment properties were depreciated on the straight-line basis.

For derecognition of the investment property, the difference between the net disposal proceeds and the asset book value was recognized in profit or loss

(X) 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 Group 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 estimate values. 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.

(XI) Impairment of assets related to property, plant and equipment, right-of-use assets, investment property, intangible assets (excluding goodwill) and assets related to contract costs

The Group assesses whether there are any signs indicating that any property, plant and equipment, right-of-use assets, investment property, and intangible assets (excluding goodwill) 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 Group estimates the recoverable amount of the cash-generating unit to which the assets belong. Corporate assets are amortized on a reasonable and consistent basis to the smallest group of cash-generating units

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.

(XII) Non-current assets held for sale

If the book value of non-current assets is to be recovered mainly through sale transactions rather than through continuing use, they are classified as held for sale. Non-current assets qualified for the classification must be available for immediate sale in the current condition and must be very likely to be sold. When management at an appropriate level guarantees selling the assets, and the sale transaction is to be completed within one year from the date of classification, they are very likely to be sold.

Non-current assets classified as held-for-sale are measured at the lower of the book value and the fair value net of sale costs, in which case the depreciation of such assets stops.

(XIII) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Group becomes 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 Group 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 measured at fair value through profit or loss are mandatorily to be measured at fair value through profit and loss. The financial assets mandatorily measured at fair value through profit and loss include the investment in equity instruments that are not designated 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. The produced dividend 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 35.

B. Financial assets measured at amortized cost

When the Group'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 and repurchase agreements that can be converted into defined amounts of cash at any time within three months after the date of acquisition, are subject to an insignificant risk of changes in value, and are held to meet short-term cash commitments.

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

At initial recognition, the Group may make an irrevocable election to designate the investment in equity instruments held not for trading and not recognized by the acquirer in a business merger or with consideration to be measured 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 Group's right to receive dividends is determined, the dividends of investment in equity instruments measured 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 Group 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 Group derecognizes 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 investment in liability instruments measured at fair value through other comprehensive income, the difference between its book value, and the total amount of the consideration received plus any cumulative gain or loss recognized as other comprehensive profit or loss is recognized as 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 Group 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 Group are recognized based on 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.

(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 Group 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.

5. Derivatives

The derivatives in the contract of the Group include forward exchange rate in order to manage the interest rate and exchange rate risk of the Group.

The derivatives are recognized initially at the fair value when the contract of derivatives is signed and subsequently remeasured at the fair value on the balance sheet date. Any profit or loss from the remeasurement is recognized as profit or loss directly. However, for derivatives that are designated as effective hedging instruments, the timing at which they are recognized as profit or loss depends on the underlying hedge arrangement. When the fair value of the derivatives is positive, they are classified as financial assets; when the fair value is negative, they are classified as financial liabilities.

If derivatives are embedded in the main contract of assets within the scope of IFRS 9 “Financial Instruments,” the classification of financial assets is determined depending on the contract as a whole. If derivative instruments conforming to the definition of derivative instruments are embedded in a main contract of assets not within the scope of IFRS 9 (e.g. a main contract of financial liabilities), and their risk and feature are not in close relation with the risk and feature of the main contract, and the hybrid contract is not measured at fair value through profit or loss, the embedded derivative instruments are deemed stand-alone derivative instruments.

(XIV) 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 Group’s obligation when the revenue of the relevant commodities is recognized.

(XV) Recognition of revenue

After the Group’s recognition of performance obligations under a contract with customers, the Group allocates the transaction price to each performance obligation and recognizes the allocated amount as revenue after each performance obligation is fulfilled.

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 solar and electronic equipment products. Once the solar and electronic equipment 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. The receipts in advance from the sale are recognized as contract liabilities before the delivery of the products.

When export of raw materials for processing, the control over the ownership of processed products is not transferred, and thus the revenue for the export of raw materials is not recognized.

2. Service income

Service income derives from repair of equipment.

With provision of the equipment repair service from the Group, the customer acquires and consumes the benefit from performance of the contract. Related income is recognized when services are completely provided. The involvement of technicians is needed for repair of equipment. the Group 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 Group 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 Group measures the progress based on the percentage of the actually invested cost in the estimated total cost. the Group progressively recognizes contract assets during the construction and transfer them to accounts receivable when issuance of bills. 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 Group 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.

4. Revenue from sale of electricity

The revenue from sale of electricity was calculated based on the actually sold electricity by degree and the rate.

5. Lease income

Rental income is calculated based on the actual rent received and the frequency of use.

(XVI) Lease

The Group assesses whether an agreement is (or contained) a lease on the date of entering into the agreement.

1. The Group 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.

When land and building are included as elements of a lease, the Group assesses if individual elements are classified as financial or operating lease based on whether almost all the risks and compensations attached to the ownership of these elements are transferred to the lessee. The lease payment is allocated to the land and building based on a relative proportion of the leasehold interest fair value of these land and building on the execution date of the contract. If the lease payment can be allocated to these two elements reliably, each of them is dealt with depending on the category it belongs. If the lease payment cannot be allocated to these two elements reliably, the overall lease is classified as financial lease; if these two elements obviously meet the criteria of operating lease, the overall lease is classified as operating lease.

2. the Group 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 consolidated 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, the amount to be paid under residual value guarantee, the assessment relating the purchase options of underlying assets, or the changes in the index or rate determining the lease payments cause the changes in the future lease payments, we remeasure the lease liabilities and adjust the right-of-use assets accordingly. However, the residual remeasurement is recognized in profit or loss when the book value of right-of-use assets is 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 consolidated balance sheet.

(XVII) Cost of borrowing

The cost of borrowing that can be directly attributable to the assets for which acquisition, building or production meet the requirements is part of the cost of such assets until almost all the required activities for them to reach the intended status of use or sale are completed.

The income earned from temporary investment by using certain loans before the occurrence of capital expenses meeting the requirements is deducted from the cost of borrowing that meets the requirements of capitalization.

Otherwise, all the costs of borrowing are recognized as profit or loss in the year in which the borrowing occurred.

(XVIII) Government grants

The government grants shall only be recognized when it is reasonable to ensure that the Group 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 Group. Government grants for which the acquisition of non-current assets in a purchase or building manner or in other manners by the Group 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 Group and there is no future cost, such subsidies are recognized in profit or loss during the period when they can be received.

(XIX) 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.

(XX) 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 Group's capital increase in cash reserved for employee subscription. The grant date is the date of notification to employees.

(XXI) Income tax

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

1. Current income tax

The Group determines the current revenue (loss) in accordance with the laws and regulations of the jurisdiction where the income tax returns are filed and, with this as a basis, calculates the income tax payable (receivable).

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 Group 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 the Group expects 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.

The accounting policies, estimates and basic assumptions adopted by the Group have been evaluated by the management of the Group and are free of significant accounting judgment, estimate and assumption uncertainty.

Main sources of uncertainties of estimates, and assumptions

(I) 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. The amount of the variable consideration such as incentives and damages will be incorporated in the contract income only when, after subsequent elimination of related uncertainties, the amount of the accumulated income after the incorporation and recognition of such variable consideration will not likely lead to significant reversal.

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 27.)

(II) Property, plant and equipment impairment

The impairment of production-related equipment is evaluated based on the recoverable amount (the higher of the fair value of such asset less the cost of sale and its use value) of such asset. Market prices, estimated economic lives, capacity utilization rate or in-process cost and replacement cost estimates and disposal of costs will affect the recoverable amount of such asset, which is likely to result in additional recognition of impairment losses or reversal of impairment losses already recognized by the Group.

VI. Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and working capital	\$ 3,702	\$ 5,822
Bank check and demand deposit	903,701	714,221
Cash equivalents (investment with an initial maturity date within 3 months)		
Bank time deposit	1,472,359	878,286
Repurchase agreements	-	92,115
	<u>\$ 2,379,762</u>	<u>\$ 1,690,444</u>

The interest rate ranges of bank deposits and bonds with repurchase agreements as of the balance sheet date are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Bank deposit	0.001%~1.67%	0.001%~1.45%
Bank time deposit with an initial maturity date within 3 months	1.225%~4.75%	0.58%~5.65%
Repurchase agreements	-	5.5%~5.55%

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	100,506	337,212
– Floating-rate financial commodity	140,717	56,466
Hybrid financial assets		
– Structured deposit	-	50,005
	<u>\$ 252,314</u>	<u>\$ 456,717</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>\$ 159,457</u>	<u>\$ 131,797</u>
<u>Financial liabilities – current</u>		
Held for trading		
Derivatives (not designated for hedging)		
– Forward foreign exchange contract	<u>\$ -</u>	<u>\$ 11</u>
<u>Financial liabilities – non-current</u>		
Non-derivative financial liabilities mandatorily measured at fair value through profit or loss		
- Redemption of convertible bonds	<u>\$ 3,900</u>	<u>\$ -</u>
(I) Floating-rate financial product contract signed by the Group with the bank. The bank is authorized by the floating-rate financial product to adjust the product yield from time to time according to the investment operation.		
(II) The Group and the bank signed a structured time deposit contract. The structured time deposit includes an embedded derivative instrument not in a close relation to the main contract. Since the main contract included in the hybrid contract belongs to the assets within the scope of IFRS 9, the main contract is mandatorily classified as financial assets measured at fair value through profit or loss according to the overall assessment for the hybrid contract.		

- (III) The forward exchange contracts that were not subject to hedge accounting or mature on the balance sheet date are as follows:

December 31, 2023

	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (thousand)</u>
Forward foreign exchange sold	USD against VND	November 8, 2023 to January 8, 2024	USD 133/VND 3,235,103

The Group engages in forward exchange and exchange transactions for the purpose of hedging foreign currency assets and liabilities against exchange rate fluctuations.

VIII. Financial assets measured at fair value through other comprehensive income

Investment in equity instruments

	<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	-
Common stock of TMY Technology Inc.	37,646	-
	<u>\$ 124,940</u>	<u>\$ 59,167</u>

The Group makes the above investments for medium and long-term strategic purposes and expects to make profits through long-term investments. Since the Group'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	\$ 196,532	\$ 281,783
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 196,532</u>	<u>\$ 281,783</u>
<u>Non-current</u>		
Domestic investment		
Time deposit with an initial maturity date over 3 months	\$ 71,622	\$ 89,676
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 71,622</u>	<u>\$ 89,676</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%–5.2% and 0.27%–7%, respectively.
- (II) For more information on the pledge of the financial assets measured at amortized cost, refer to Note 37.

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	\$ 378	\$ 2,556
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 378</u>	<u>\$ 2,556</u>
<u>Accounts receivable</u>		
Measurement at amortized cost		
Total book value	\$ 408,245	\$ 512,564
Less: Loss allowance	(81)	(390)
	<u>\$ 408,164</u>	<u>\$ 512,174</u>
Overdue receivables (listed in other non-current assets)	\$ 66,972	\$ 64,714
Less: Loss allowance	(66,972)	(64,714)
	<u>\$ -</u>	<u>\$ -</u>
<u>Other receivables</u>		
Business tax refund receivable	\$ 19,059	\$ 6,001
Interest receivable	8,991	10,311
Proceeds receivable from disposal of investments	6,260	7,745
Government grants receivable (Note 32)	1,364	6,507
Demolition compensation receivable (Note 28)	67,170	-
Others	<u>6,440</u>	<u>11,310</u>
	<u>\$ 109,284</u>	<u>\$ 41,874</u>
<u>Other receivables – related parties</u>		
(Note 36)	<u>\$ 25,435</u>	<u>\$ 82,842</u>

The above table of receivables for compensation for demolition were fully recovered in January 2025.

(I) Notes and accounts receivable

The Group 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 Group considers any changes in their credit quality from the original credit date to the balance sheet date. Since historical experience tells us that the accounts receivable overdue for more than 1 year are not recoverable, the Group 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.

The Group recognizes 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 customers, 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 the Group 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 Group directly write off related accounts receivable, continue to claim for payment, and recognize the recovered amount therefrom in profit or loss.

The Group's 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%~1%	0%~100%	-	-	-	
Total book value	\$ 407,931	\$ 692	\$ -	\$ -	\$ -	\$ 408,623
Loss allowance (lifetime expected credit losses)	(79)	(2)	-	-	-	(81)
Amortized cost	\$ 407,852	\$ 690	\$ -	\$ -	\$ -	\$ 408,542

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	1%~71.7%	1%~71.7%	100%	-	-	
Total book value	\$ 501,204	\$ 13,775	\$ 141	\$ -	\$ -	\$ 515,120
Loss allowance (lifetime expected credit losses)	(129)	(120)	(141)	-	-	(390)
Amortized cost	\$ 501,075	\$ 13,655	\$ -	\$ -	\$ -	\$ 514,730

Changes in loss allowance for notes and accounts receivable and overdue receivables are as follows:

	2024	2023
Balance – beginning of the year	\$ 65,104	\$ 23,783
Add: Written-off bad debts recovered	4,620	13,860
Add: Impairment loss appropriated in the year	-	28,860
Less: Impairment loss reversed in the year	(4,936)	-
Less: Actual amount written off in the year	-	(435)
Differences from translation of foreign currencies	2,265	(964)
Balance – ending of the year	<u>\$ 67,053</u>	<u>\$ 65,104</u>

For information on the pledge of notes receivable pledged, please refer to Note 37.

(II) Other receivables

Interest does not accrue on other receivables. When determining the recoverability of other receivables, the Group considers any changes in their credit quality from the original credit date to the balance sheet date. Since historical experience tells us that other receivables overdue for more than 1 year are not recoverable, the Group 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.

On December 31, 2024 and 2023, the Group did not have other receivables which were overdue and for which no loss allowance was recognized in the account.

XI. Inventory

	December 31, 2024	December 31, 2023
Finished goods	\$ 34,950	\$ 76,216
Work in process	31,006	13,064
Raw material	341,730	252,216
In-transit inventory	1,533	1,199
Real estate held for sale.	162,892	208,846
	<u>\$ 572,111</u>	<u>\$ 551,541</u>

The nature of costs of sales is shown below:

	2024	2023
Cost of inventory sold	\$ 2,035,461	\$ 4,184,668
Loss (reversal of loss) on inventory valuation and obsolescence (I)	(22,828)	50,990
Prepayment for purchase impairment reversal gain (II)	-	(10,237)
Idle capacity cost	207,754	176,747
	<u>\$ 2,220,387</u>	<u>\$ 4,402,168</u>

(I) The recovery gain of net realizable value of inventory resulted from a rise in the sale prices of the inventory on certain markets.

(II) For the impairment recovery gain on prepayments for goods, please refer to Note 18.

XII. Subsidiary

(I) Subsidiaries included in the consolidated financial statements

Entities in the consolidated financial statements are as follows:

Name of investor	Name of the subsidiary	Nature of business	Shareholding ratio		Description
			December 31, 2024	December 31, 2023	
The Company	Kenmec International Holding (BVI) Co., Ltd. (hereinafter referred to as B.V.I. – Kenmec International)	Investment holding business	100	100	
The Company	Kenmec Vietnam Company Limited (hereinafter referred to Kenmec Vietnam)	Manufacturing of electric water heaters, engineering machinery	100	100	
The Company	Tainergy Tech. Co. Ltd. (hereinafter referred to as Tainergy)	Research, design, manufacture and sales of solar cells, modules and related systems	27.17	27.17	1
The Company	KENTEC INC. (hereinafter referred to as Kentec)	Manufacture of electronics parts and components	89.16	89.16	
The Company	Taisic Materials Co. (hereinafter referred to as Taisic Materials)	Manufacturing and sales of electronic parts and components	8.8	8.8	7
The Company	Chief Global Logistics Co., Ltd. (Chief Global Logistics)	Warehousing	52	52	6
The Company	Hua-Xia Construction Co., Ltd. (Hua-Xia Construction)	Comprehensive Construction	100	100	8
The Company	KENMEC AUTOMATION ENGINEERING (THAILAND) Co., Ltd. (hereinafter referred to as KENMEC THAILAND)	Manufacturing, sales and maintenance of automation equipment and components	99.99	99.99	2
The Company	Kenmec Communication Holding (BVI) Co., Ltd. (hereinafter referred to as B.V.I. – Kenmec Communication)	Investment holding business	60	60	3
B.V.I. – Kenmec International	Kenmec Mecha-Tronics (Suzhou) Co., Ltd. (hereinafter referred to as Kenmec Mecha-Tronics)	T.F.T. process equipment, semiconductor process equipment, industrial conveying machinery, and automated storage equipment.	100	100	
B.V.I. – Kenmec International	Kenmec Automation Engineering (KunShan) (hereinafter referred to Automation Kunshan)	Automated flow line equipment and supporting equipment, display production equipment, semiconductor production equipment, etc.	100	100	
Kenmec Mecha-Tronics	Suzhou Kenmec Property Development Ltd. (hereinafter referred to as Kenmec Property Development)	Real estate business	68.25	68.25	
Tainergy	Tainergy Tech Holding (Samoa) Co., Ltd. (hereinafter referred to as SAMOA – Tainergy Tech)	Investment holding business	100	100	
Tainergy	VIETENERGY COMPANY LIMITED	Manufacture of high-tech solar cells and related cell components	100	100	
Tainergy	Kentec	Manufacture of electronics parts and components	4.33	4.33	
Tainergy	Taisic Materials	Manufacturing and sales of electronic parts and components	47.66	47.66	7
Tainergy	Thuntech Co., Ltd. (hereinafter referred to as Thuntech)	Manufacturing of charging piles and charging modules	100	-	5
Tainergy	TAI VISION CO., LTD.	Wholesale and retail of contact lens	80	80	4

Name of investor	Name of the subsidiary	Nature of business	Shareholding ratio		Description
			December 31, 2024	December 31, 2023	
SMOA – Tainergy Tech	Tainergy Technology (Kunshan) Co., Ltd. (hereinafter referred to as Tainergy Kunshan)	R&D, design, production of high-tech green cells (solar cells) and their components	100	100	
Tainergy Kunshan	Kunshan Kunfu Electronic Materials Co., Ltd.	Sales and manufacture of electronic materials and parts	100	100	
Tainergy Kunshan	Kenmec Property Development	Real estate business	31.75	31.75	
Kentec	Kenmec Communication Holding (BVI) Co., Ltd. (hereinafter referred to as B.V.I. – Kenmec Communication)	Investment holding business	40	40	3
B.V.I. – Kenmec Communication	Kenmec Technology (Suzhou) Co., Ltd. (hereinafter referred to as Kenmec Technology)	Production of new electronic components (chip components), digital sounds, etc.	100	100	

Remarks:

1. The Company has a direct and indirect shareholding of 27.17% in Tainergy and, nevertheless, has substantial control over Tainergy. Tainergy is thus incorporated as a subsidiary of the Group with significant non-controlling interests.
2. KENMEC THAILAND, 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 in February 2024 and by THB 78,000 thousand in November 2024. As of December 31, 2024, the Company's capital contribution totaled NTD 105,589 thousand (THB 113,000 thousand).
3. The Group's internal organizational structure was adjusted in November 2023. 100% of the equity of the subsidiary, Kenmec Communication, previously held by Kentec, was adjusted to 60% held by the Company, resulting in a decrease of the shares of the subsidiary held by KENTEC INC. to 40%. In addition, the associate, KENTEC ELECTRONICS (SUZHOU) CO., LTD., originally held by Automation Kunshan is now owned by Kentec. The above transactions are organizational reorganizations under common control, and the book value method is adopted for the relevant transfers.
4. TAI VISION CO., LTD. is located in Pingzhen District, Taoyuan. The company was established in December 2023 by the Group, Tainergy, with an investment of NTD 24,000 thousand, and acquired 80% of the shares. TAI VISION's main business is wholesale and retail of contact lenses.
5. Located in Nangang District, Taipei City, and established in June 2024, Thuntech was invested by Kentec for NTD 5,000 thousand. On November 5, 2024, the Board of Directors resolved to change the ownership of Thuntech to Tainergy due to the division of the Group's industry. The main business of Thuntech is the manufacturing of charging cables and charging modules. The above transactions are organizational reorganizations under common control, and the book value method is adopted for the relevant transfers.
6. 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.
7. In February 2025, the Company and Tainergy participated in the cash capital increase of Taisic Materials in proportion to the shareholding and not in proportion to the shareholding, totaling NTD 183,887 thousand.
8. In December 2024, Hua Xia Company arranged a capital decrease in cash of NTD 100,000 thousand and refunded the shares to the Company.

(II) Information on subsidiaries holding significant non-controlling interests

Name of the subsidiary	Proportion of shareholding and voting rights held by non-controlling interests	
	December 31, 2024	December 31, 2023
Tainergy	72.83%	72.83%

For the main territory and the country in which the company is registered, please refer to Table 6.

Name of the subsidiary	Profit (loss) on distribution to non-controlling interests		Non-controlling equity	
	2024	2023	December 31, 2024	December 31, 2023
Tainergy (without the non-controlling equity of subsidiaries)	(\$ 349,952)	(\$ 17,897)	\$ 1,214,641	\$ 1,541,034

The following financial information summary is prepared based on the amount before elimination of inter-company transactions:

Tainergy and Subsidiaries

	December 31, 2024	December 31, 2023
Current assets	\$ 1,160,536	\$ 1,550,019
Non-current assets	1,358,966	1,492,032
Current liabilities	(659,370)	(550,926)
Non-current liabilities	(177,455)	(196,836)
Equity	<u>\$ 1,682,677</u>	<u>\$ 2,294,289</u>
Equity attributed to:		
The owner of the Company	\$ 455,310	\$ 603,895
Non-controlling interests of Tainergy	1,214,641	1,541,034
Non-controlling interests of Tainergy's subsidiaries	<u>12,726</u>	<u>149,360</u>
	<u>\$ 1,682,677</u>	<u>\$ 2,294,289</u>
	2024	2023
Operating revenue	<u>\$ 367,746</u>	<u>\$ 2,145,122</u>
Net (loss) profit for the period	(\$ 643,965)	(\$ 24,574)
Other comprehensive income	<u>33,588</u>	<u>(29,898)</u>
Total comprehensive income	<u>(\$ 610,377)</u>	<u>(\$ 54,472)</u>
Net profit (loss) attributable to:		
The owner of the Company	(\$ 157,378)	\$ 127,916
Non-controlling interests of Tainergy	(349,952)	(17,897)
Non-controlling interests of Tainergy's subsidiaries	<u>(136,635)</u>	<u>(134,593)</u>
	<u>(\$ 643,965)</u>	<u>(\$ 24,574)</u>
Total comprehensive income attributable to:		
The owner of the Company	(\$ 148,720)	\$ 117,998
Non-controlling interests of Tainergy	(325,022)	(37,877)
Non-controlling interests of Tainergy's subsidiaries	<u>(136,635)</u>	<u>(134,593)</u>
	<u>(\$ 610,377)</u>	<u>(\$ 54,472)</u>
Cash flow		
Operating activities	(\$ 243,712)	\$ 450,785
investing activities	(99,191)	(449,903)
Financing activities	113,915	20,437
Effects of changes in exchange rates	<u>10,884</u>	<u>(23,292)</u>
Net cash outflow	<u>(\$ 218,104)</u>	<u>(\$ 1,973)</u>

XIII. Investment under the equity method

Investment in associates

	December 31, 2024	December 31, 2023
Investment in associates	\$ 43,661	\$ 46,502
Investment in joint venture	<u>532,161</u>	<u>527,679</u>
	<u>\$ 575,822</u>	<u>\$ 574,181</u>

(I)	Investment in associates	December 31, 2024	December 31, 2023
	Individual unimportant associates	<u>\$ 43,661</u>	<u>\$ 46,502</u>
		<u>2024</u>	<u>2023</u>
	Share enjoyed by the Group		
	Current net profit of continuing operations	(\$ 963)	\$ 9,964
	Other comprehensive income	<u>-</u>	<u>-</u>
	Total comprehensive income	<u>(\$ 963)</u>	<u>\$ 9,964</u>
(II)	Investment in joint venture	December 31, 2024	December 31, 2023
	Significant joint ventures		
	Anhui Rongyun Property Development Co., Ltd.	<u>\$ 532,161</u>	<u>\$ 527,679</u>

The material associate companies are as follows:

Company name	Nature of business	Main business premise	Shareholding ratio	
			December 31, 2024	December 31, 2023
Anhui Rongyun Property Development Co., Ltd.	Real estate development	China	41.18%	41.18%

The important decisions of the Group, KENMEC TECHNOLOGY (SUZHOU) CO., LTD., are assessed using the equity method as it is a joint venture and requires unanimous approval of all directors.

The following financial information summary is prepared based on the associates' IFRS consolidated financial report and reflected the adjustments made after under the equity method.

Anhui Rongyun Property Development Co., Ltd.

	December 31, 2024	December 31, 2023
Current assets	\$ 1,563,827	\$ 1,418,073
Non-current assets	5,169	5,870
Current liabilities	(276,607)	(142,436)
	<u>\$ 1,292,389</u>	<u>\$ 1,281,507</u>
The Group's shareholding ratio	41.18%	41.18%
Equity enjoyed by the Group	<u>\$ 532,161</u>	<u>\$ 527,679</u>
Book value of investment	<u>\$ 532,161</u>	<u>\$ 527,679</u>
	<u>2024</u>	<u>2023</u>
Operating revenue	<u>\$ -</u>	<u>\$ -</u>
Net loss for the year	(\$ 33,590)	(\$ 60,509)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u>(\$ 33,590)</u>	<u>(\$ 60,509)</u>

XIV. Property, plant and equipment

	Land and land improvement	House and building	Machinery and equipment	Transport equipment	Other equipment	Uncompleted construction	Total
<u>Cost</u>							
Balance on January 1, 2024	\$ 2,106,083	\$ 1,142,666	\$ 4,358,474	\$ 62,912	\$ 827,400	\$ 474,811	\$ 8,972,346
Addition	-	10,861	128,792	250	38,958	54,840	233,701
Disposal	-	(456)	(515,417)	(1,237)	(46,685)	-	(563,795)
Reclassification of assets held for sale (Note)	-	-	-	-	4,235	-	4,235
Reclassification	-	-	292,766	-	5,890	(422,297)	(123,641)
Net exchange differences	-	3,224	49,003	566	10,322	(475)	62,640
Balance on December 31, 2024	<u>\$ 2,106,083</u>	<u>\$ 1,156,295</u>	<u>\$ 4,313,618</u>	<u>\$ 62,491</u>	<u>\$ 840,120</u>	<u>\$ 106,879</u>	<u>\$ 8,585,486</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2024	\$ -	\$ 372,924	\$ 3,828,054	\$ 51,824	\$ 589,470	\$ -	\$ 4,842,272
Depreciation expenses	-	44,412	107,839	4,171	71,955	-	228,377
Disposal	-	(291)	(515,417)	(1,237)	(46,685)	-	(563,630)
Recognized impairment loss	-	-	181,951	31	64,398	2,960	249,340
Reclassification of assets held for sale (Note)	-	-	-	-	4,235	-	4,235
Net exchange differences	-	1,614	47,702	215	9,197	23	58,751
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ 418,659</u>	<u>\$ 3,650,129</u>	<u>\$ 55,004</u>	<u>\$ 692,570</u>	<u>\$ 2,983</u>	<u>\$ 4,819,345</u>
Net amount on December 31, 2024	<u>\$ 2,106,083</u>	<u>\$ 737,636</u>	<u>\$ 663,489</u>	<u>\$ 7,487</u>	<u>\$ 147,550</u>	<u>\$ 103,896</u>	<u>\$ 3,766,141</u>
<u>Cost</u>							
Balance on January 1, 2023	\$ 865,944	\$ 593,752	\$ 4,713,093	\$ 71,035	\$ 771,884	\$ 280,492	\$ 7,296,200
Addition	1,240,139	553,015	48,164	160	89,995	225,706	2,157,179
Disposal	-	-	(384,814)	(8,466)	(27,546)	-	(420,826)
Transferred to held for sale	-	-	(8,928)	-	(1,752)	-	(10,680)
Reclassification	-	-	59,494	1,492	11,215	(30,834)	41,367
Net exchange differences	-	(4,101)	(68,535)	(1,309)	(16,396)	(553)	(90,894)
Balance on December 31, 2023	<u>\$ 2,106,083</u>	<u>\$ 1,142,666</u>	<u>\$ 4,358,474</u>	<u>\$ 62,912</u>	<u>\$ 827,400</u>	<u>\$ 474,811</u>	<u>\$ 8,972,346</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2023	\$ -	\$ 347,599	\$ 3,938,621	\$ 56,387	\$ 565,461	\$ -	\$ 4,908,068
Depreciation expenses	-	27,047	189,706	4,612	62,762	-	284,127
Disposal	-	-	(383,622)	(8,466)	(27,546)	-	(419,634)
Recognized impairment loss	-	-	159,214	-	2,578	-	161,792
Transferred to held for sale	-	-	(4,815)	-	(292)	-	(5,107)
Net exchange differences	-	(1,722)	(71,050)	(709)	(13,493)	-	(86,974)
Balance on December 31, 2023	<u>\$ -</u>	<u>\$ 372,924</u>	<u>\$ 3,828,054</u>	<u>\$ 51,824</u>	<u>\$ 589,470</u>	<u>\$ -</u>	<u>\$ 4,842,272</u>
Net amount on December 31, 2023	<u>\$ 2,106,083</u>	<u>\$ 769,742</u>	<u>\$ 530,420</u>	<u>\$ 11,088</u>	<u>\$ 237,930</u>	<u>\$ 474,811</u>	<u>\$ 4,130,074</u>

Note: On December 23, 2022, the Group's Tainergy entered into a sales agreement relating to solar power equipment and expects to dispose of a portion of idle machinery and equipment within the next six months. The idle equipment has been reclassified as non-current assets held for sale, and its carrying amount is NTD 0 thousand. Since it is the last straw, it is reclassified as property, plant and equipment in 2024.

2024

- (I) As the Group's Taisic Materials invests in the field of silicon carbide, its current revenue is not significant. Taisic Materials expects that the future economic benefits for machinery and equipment, transport equipment, and other equipment used to produce such product will decrease. Taisic Materials appointed an expert to evaluate the fair value of equipment based on the usage of the assets and a recoverable amount of NTD 663,552 thousand was calculated, which was less than the carrying amount. Therefore, the Group recognized an impairment loss of NTD 51,753 thousand in 2024. The impairment loss was stated under other profits and losses in the statement of comprehensive income.

Taisic Materials determines the recoverable amount of the equipment based on the fair value less disposal cost. The relevant fair value is determined under the cost method. The main assumptions include the economic durability of the fixed assets, physical wear and tear, functional wear and tear, and economic wear and tear of the fixed asset, which is a Level 3 fair value measurement.

- (II) In 2023, due to the rapid change of market demand for solar energy and technology, management expects that some of the property, plant and equipment of the Group's VIETENERGY Co., Ltd. may not be economically viable in the future due to the upgrade of product specifications. However, VIETENERGY commissioned an expert to evaluate the fair value of equipment based on the asset utilization status, and the recoverable amount of NTD 30,637 thousand was less than the carrying amount, so an impairment loss of NTD 197,587 thousand was recognized in 2024. The impairment loss was stated under other profits and losses in the statement of comprehensive income.

VIETENERGY COMPANY LIMITED determines the recoverable amount of the equipment based on the fair value less disposal cost. The relevant fair value is determined under the cost method. The main assumptions include the economic durability of the fixed assets, physical wear and tear, functional wear and tear, and economic wear and tear of the fixed asset, which is a Level 3 fair value measurement.

2023

- (I) As the Group's Taisic Materials invests in the field of silicon carbide, the revenue has not been significantly shown. Taisic Materials expected that the future economic benefits for machinery and equipment, instruments and equipment, office equipment, rental improvements and other equipment used to produce such product would be reduced. Taisic Materials appointed an expert to evaluate the fair value of equipment based on the usage of the assets and a recoverable amount of NTD 283,565 thousand was calculated, which was less than the carrying amount. Therefore, the Group recognized an impairment loss of NTD 43,718 thousand in 2023. The impairment loss was stated under other profits and losses in the statement of comprehensive income.

Taisic Materials determines the recoverable amount of the equipment based on the fair value less disposal cost. The relevant fair value is determined under the cost method. The main assumptions include the economic durability of the fixed assets, physical wear and tear, functional wear and tear, and economic wear and tear of the fixed asset, which is a Level 3 fair value measurement.

- (II) Due to the rapid change of market demand for solar energy and technology, management expects that some of the property, plant and equipment of the Group's VIETENERGY may not be economically viable in the future due to the upgrade of product specifications, and the related equipment is expected to be scrapped by the Group. Therefore, an impairment loss of NTD 104,022 thousand was recognized in 2023. The impairment loss was stated under other profits and losses in the consolidated statement of comprehensive income.

- (III) The Company anticipated that machinery and equipment previously purchased for production use were idle and thus the recoverable amount was less than the carrying amount, and thus recognized an impairment loss of NTD 14,052 thousand in 2023. The impairment loss was stated under other gains and losses in the consolidated 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	2-8 years
Other equipment	1-20 years

For the amount of the property, plant and equipment mortgaged as collateral for loans, please refer to Note 37.

XV. Lease agreement

(I) Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Book value of right-of-use assets		
Land	\$ 83,986	\$ 83,620
Building	355,955	405,675
Office equipment	59	201
Transport equipment	5,983	7,590
Other equipment	214	-
	<u>\$ 446,197</u>	<u>\$ 497,086</u>
	<u>2024</u>	<u>2023</u>
Addition of right-of-use assets	<u>\$ 9,738</u>	<u>\$ 47,159</u>
Lease modification of right-of-use assets	<u>\$ 983</u>	<u>\$ 2,346</u>
De-recognize the right-of-use assets	<u>(\$ 3,669)</u>	<u>(\$ 64)</u>
Depreciation expense of right-of-use assets		
Land	\$ 3,461	\$ 2,476
Building	56,178	51,794
Office equipment	142	143
Transport equipment	2,305	1,839
Other equipment	7	-
	<u>\$ 62,093</u>	<u>\$ 56,252</u>

Other than the additions, lease modifications, terminations of leases, and recognitions of depreciation expenses listed above, there were no significant subleases or impairments of the right-of-use assets of the Group in 2024 and 2023.

(II) Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Book value of lease liabilities		
Current	\$ 38,865	\$ 51,287
Non-current	<u>253,373</u>	<u>285,709</u>
	<u>\$ 292,238</u>	<u>\$ 336,996</u>

Range of discount rate for lease liabilities is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Land	2.1%~5.2%	2.1%~5.2%
Building	1.68%~4.10%	1.68%~4.10%
Office equipment	3.94%	3.94%
Transport equipment	2.10%	2.10%
Other equipment	2.58%	-

(III) Important lease activities and terms

The Group also rents several land lots and buildings for plants and offices with a lease term of 1–48 years. After the termination of the lease period, the Group is not entitled to a bargain purchase option for the land and buildings rented.

(IV) Other lease information

For the contract of the Group to lease out investment property under operating lease, please refer to Note 16.

	<u>2024</u>	<u>2023</u>
Short-term lease and lease expense of low-value assets	<u>\$ 17,732</u>	<u>\$ 16,958</u>
Total cash (outflow) amount for lease	<u>(\$ 76,350)</u>	<u>(\$ 67,057)</u>

The Group 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.

XVI. Investment property

	<u>Completed investment property</u>
<u>Cost</u>	
Balance on January 1, 2024	\$ 1,703,429
Disposal	(59,572)
Net exchange differences	<u>59,445</u>
Balance on December 31, 2024	<u>\$ 1,703,302</u>
<u>Accumulated depreciation</u>	
Balance on January 1, 2024	\$ 654,115
Depreciation expenses	74,862
Disposal	(35,084)
Net exchange differences	<u>23,231</u>
Balance on December 31, 2024	<u>\$ 717,124</u>
Net amount on December 31, 2024	<u>\$ 986,178</u>
<u>Cost</u>	
Balance on January 1, 2023	\$ 1,745,662
Decrease	(10,156)
Net exchange differences	(32,077)
Balance on December 31, 2023	<u>\$ 1,703,429</u>
<u>Accumulated depreciation</u>	
Balance on January 1, 2023	\$ 591,353
Depreciation expenses	74,786
Net exchange differences	(12,024)
Balance on December 31, 2023	<u>\$ 654,115</u>
Net amount on December 31, 2023	<u>\$ 1,049,314</u>

The total lease payments to be received in the future for lease-out of investment property under operating leases are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
1st year	\$ 92,668	\$ 101,343
2nd year	78,852	90,170
3rd year	74,832	83,439
4th year	73,555	82,915
5th year	68,991	79,713
Over 5 years	<u>717,702</u>	<u>817,741</u>
	<u>\$ 1,106,600</u>	<u>\$ 1,255,321</u>

The investment property was depreciated on the straight-line basis over the following useful lives:

House and building	20–26.5 years
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The fair values of the investment properties of the Group as of December 31, 2024 were not valuated by independent valuation personnel, but only valuated by management using valuation models commonly used by market participants on the balance sheet date using Level 3 inputs. The evaluation is based on the market evidence of the transaction price of similar real estate (the evaluation is conducted by the cash flow method of Kenmec Property Development, and the important unobservable inputs include the discount rate of 1.83%). The fair values of the investment properties in 2023 were evaluated by Prudential Cross-Strait Real Estate Appraisers Firm on the balance sheet date using Level 3 inputs.

The fair value derived from evaluation is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Kenmec Mecha-Tronics	\$ 651,827	\$ 756,641
Kenmec Property Development	607,983	674,434
Tainergy Kunshan	<u>278,067</u>	<u>268,921</u>
	<u>\$ 1,537,877</u>	<u>\$ 1,699,996</u>

All of the Group's investment properties belong to self-owned equity. For the amount of investment properties pledged as collateral for loans, please refer to Note 37.

XVII. Other intangible assets

	<u>Patent right</u>	<u>Computer software</u>	<u>Total</u>
<u>Cost</u>			
Balance on January 1, 2024	\$ 19,048	\$ 50,196	\$ 69,244
Acquired separately	-	5,458	5,458
Disposal	-	(1,063)	(1,063)
Net exchange differences	<u>-</u>	<u>3</u>	<u>3</u>
Balance on December 31, 2024	<u>\$ 19,048</u>	<u>\$ 54,594</u>	<u>\$ 73,642</u>
<u>Accumulated amortization</u>			
Balance on January 1, 2024	\$ 19,048	\$ 35,531	\$ 54,579
Amortization expenses	-	9,285	9,285
Disposal	-	(1,063)	(1,063)
Net exchange differences	<u>-</u>	<u>1</u>	<u>1</u>
Balance on December 31, 2024	<u>\$ 19,048</u>	<u>\$ 43,754</u>	<u>\$ 62,802</u>
Net amount on December 31, 2024	<u>\$ -</u>	<u>\$ 10,840</u>	<u>\$ 10,840</u>
<u>Cost</u>			
Balance on January 1, 2023	\$ 19,048	\$ 44,591	\$ 63,639
Acquired separately	-	4,383	4,383
Disposal	-	(2,658)	(2,658)
Reclassification	-	3,884	3,884
Net exchange differences	<u>-</u>	<u>(4)</u>	<u>(4)</u>
Balance on December 31, 2023	<u>\$ 19,048</u>	<u>\$ 50,196</u>	<u>\$ 69,244</u>
<u>Accumulated amortization</u>			
Balance on January 1, 2023	\$ 19,048	\$ 29,207	\$ 48,255
Amortization expenses	-	8,983	8,983

	Patent right	Computer software	Total
Disposal	-	(2,658)	(2,658)
Net exchange differences	-	(1)	(1)
Balance on December 31, 2023	<u>\$ 19,048</u>	<u>\$ 35,531</u>	<u>\$ 54,579</u>
Net amount on December 31, 2023	<u>\$ -</u>	<u>\$ 14,665</u>	<u>\$ 14,665</u>

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

Patent right	10 years
Computer software	1-5 years

Summary of amortization expenses by function:

	2024	2023
Operating costs	\$ 3,095	\$ 3,786
Marketing expense	742	849
Administrative expense	4,334	3,279
R&D expense	<u>1,114</u>	<u>1,069</u>
	<u>\$ 9,285</u>	<u>\$ 8,983</u>

XVIII. Other assets

	December 31, 2024	December 31, 2023
<u>Current</u>		
Prepayments		
Prepayment for purchase (I)	\$ 95,041	\$ 65,821
Prepaid expenses	67,233	61,819
Prepaid salaries (VI)	3,167	3,023
Input and refundable tax	<u>53,903</u>	<u>71,224</u>
	<u>\$ 219,344</u>	<u>\$ 201,887</u>
Other current assets		
Other financial assets (V)		
- Demand deposit	\$ 286,699	\$ 186,244
Construction guarantee deposits paid (III)	41,947	55,694
Others	<u>5,043</u>	<u>481</u>
	<u>\$ 333,689</u>	<u>\$ 242,419</u>
<u>Non-current</u>		
Prepayment for equipment (II)	<u>\$ 33,586</u>	<u>\$ 83,430</u>
Guarantee deposits paid (III)	<u>\$ 95,940</u>	<u>\$ 111,921</u>
Other non-current assets		
Other financial assets (V)	\$ 227,000	\$ 147,000
Prepayment for investment	-	580
Overdue receivables (IV)	66,972	64,714
Loss allowance – overdue receivables	(66,972)	(64,714)
Net defined benefit assets (Note 24)	5,872	5,740
Long-term prepaid salaries (VI)	6,000	9,000
Long-term prepaid	-	6,349
Others	<u>3,450</u>	<u>3,450</u>
	<u>\$ 242,322</u>	<u>\$ 172,119</u>

(I) Prepayment for purchase

The Group's prepayments for goods is mainly for prepayment of raw materials and raw material processing.

As of December 31, 2024 and 2023, an accumulated impairment loss of NTD 154,693 thousand and NTD 154,693 thousand has been appropriated for the prepayment for purchase, respectively. Please refer to the description of Note 38.

A profit of NTD 10,237 thousand was recognized as operating costs from prepayment for purchase impairment reversal gain and the operating cost in 2023. Please refer to the description of Note 11.

(II) Prepayment for equipment

The Group'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.

(III) Guarantee deposits paid

1. The guarantee deposits paid by the Group's Tainergy are mainly for the purchase of materials contract signed with SunEdison Products Singapore Pte, Ltd. (formerly known as MEMC Singapore Pte, Ltd.). The guarantee deposits paid can be deducted from the purchase price and the refundable deposits paid. As of December 31, 2024 and 2023, the balance of the deposits deductible from payments for purchased materials was NTD 0. Please refer to the descriptions in Note 38.
2. As of December 31, 2024 and 2023, the balances of the Group's Tainergy's purchase contracts for materials with other suppliers in 2022 and the deductible purchase deposits paid in accordance with the contracts were NTD 0 thousand and NTD 11,054 thousand, respectively.
3. Please refer to Note 37 for refundable deposits established as collateral.

(IV) Overdue receivables

The Group's overdue receivables are the receivables overdue more than 1 year, and 100% of the loss allowance with respect to such overdue receivables are recognized. Please refer to the description in Note 10.

(V) Other financial assets

The other financial assets were mainly demand deposits pledged as collateral for promissory notes, demand deposits pledged as collateral for loan repayments, and pledged demand deposits for project bidding and bank accounts, please refer to Note 37.

(VI) Prepaid wages and long-term prepaid wages

The prepaid salaries and long-term prepaid salaries of the Group are the long-term bonuses paid in advance to the R&D personnel during their tenure of the next five years in accordance with the relevant regulations, and will be amortized and recognized as expenses over the actual tenure of the future.

XIX. Borrowings

(I) Short-term loans

	December 31, 2024	December 31, 2023
<u>Unsecured loans</u>		
- Borrowings within credit lines	\$ 570,000	\$ 450,000
<u>Secured loan (Note 37)</u>		
- Bank borrowings	<u>140,649</u>	<u>483,350</u>
	<u>\$ 710,649</u>	<u>\$ 933,350</u>

The interest rate of working loans on December 31, 2024 and 2023 was 2.285%–4.21% and 2.1%–4.1%, respectively.

(II) Short-term notes payable

	December 31, 2024	December 31, 2023
Commercial paper payable	\$ -	\$ 37,000
Less: Discount of short-term bills payable	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 37,000</u>

The interest rate of commercial paper as of December 31, 2023 was 2.358%.

(III) Long-term loans

	Maturity date	Material terms	Effective interest rate	December 31, 2024	December 31, 2023
<u>Unsecured loans</u>					
Taiwan Business Bank	June 18, 2026	The loan totals NTD 30,000 thousand. The principal and interest are amortized in 48 installments in 1-month intervals starting 1 year after the date of borrowing.	2.865%	\$ 11,632	\$ 19,116
Taiwan Business Bank	November 30, 2027	The loan totals NTD 10,000 thousand. The interest was amortized from the 1st installment to the 9th installment on a monthly basis from the date of borrowing (February 22, 2023), and the amortization of the principal and interest began from the 10th installment.	2.720%	7,397	10,000
Taiwan Business Bank	November 30, 2027	The loan totals NTD 10,000 thousand. The interest was amortized from the 1st installment to the 11th installment on a monthly basis from the date of borrowing (November 30, 2022), and the amortization of the principal and interest began from the 12th installment.	2.720%	7,397	9,797
First Commercial Bank	August 25, 2028	The loan totals NTD 10,000 thousand. The principal and interest are amortized in 50 installments at an interval of 1 month from the date of borrowing.	2.220%	7,439	9,364
First Commercial Bank	April 2, 2027	The loan totals NTD 3,370 thousand. The principal and interest are amortized every one month from the date of borrowing (2024.04.02).	2.220%	2,640	-
First Commercial Bank	August 6, 2027	The loan totals NTD 2,320 thousand. The principal and interest are amortized every one month from the date of borrowing (2024.08.06).	2.220%	2,070	-
First Commercial Bank	June 18, 2027	The loan totals NTD 1,840 thousand. The principal and interest are amortized every one month from the date of borrowing (2024.06.18).	2.220%	1,542	-
First Commercial Bank	May 21, 2027	The loan totals NTD 3,370 thousand. The principal and interest are amortized every one month from the date of borrowing (2024.05.21).	2.220%	2,732	-
First Commercial Bank	April 30, 2027	The loan totals NTD 4,100 thousand. The principal and interest are amortized every one month from the date of borrowing (2024.04.30).	2.220%	3,212	-
Hua Nan Bank	May 7, 2029	The loan totals NTD 20,000 thousand. The principal and interest are amortized each month from the date of borrowing (2024.09.05). The interest rate for the first year is 0.5% (1.72% of government grants).	0.500%	\$ 18,689	\$ -
Taiwan Business Bank	January 26, 2027	The loan totals NTD 15,000 thousand. The principal and interest are amortized in 36 installments at an interval of 1 month from the date of borrowing.	2.220%	10,521	-

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	Maturity date	Material terms	Effective interest rate	December 31, 2024	December 31, 2023
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 principal is paid in equal each month from the date of automatic repayment of principal. This loan has been fully repaid by the Group.	2.850%	-	45,478
<u>Secured loan</u> (Note 37)					
First Commercial Bank	October 13, 2032	The loan is for a period of 15 years (non-revolving) with a grace period of 1 year. 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 1-month intervals. The principal is amortized in 168 installments.	2.605%	56,693	63,142
First Commercial Bank	October 13, 2032	2023/12/01-2026/12/01 Interest rate: 1.83% variable, long term loan; 2026/12/01-2043/12/01 Interest rate: 1.95% variable, 3 year grace period, interest only; 2027/1/1 Principal repayment begins.	1.955%	1,430,000	1,430,000
Taiwan Business Bank	January 10, 2035	The loan is 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 in 3-month intervals. The principal is amortized in 52 installments.	2.325%	205,000	225,000
Bank SinoPac	April 28, 2025	The loan totals NTD 48,550 thousand. The principal and interest are amortized in 138 installments at an interval of 1 month from the date of borrowing.	2.990%	28,849	33,070
Bank SinoPac	July 28, 2027	The loan totals NTD 32,349 thousand. The principal and interest are amortized in 84 installments at an interval of 1 month from the date of borrowing.	2.990%	17,690	21,009
Bank SinoPac	August 28, 2027	The loan totals NTD 8,320 thousand. The principal and interest are amortized in 84 installments at an interval of 1 month from the date of borrowing.	2.990%	6,432	7,630
Bank SinoPac	September 28, 2028	The loan totals NTD 17,066 thousand. The principal and interest are amortized in 84 installments at an interval of 1 month from the date of borrowing.	2.990%	12,366	13,812
Bank of Taiwan	October 15, 2026	2 years (not revolving), the principal and interest are paid in installments based on the notice of the appropriation, and the principal and interest are paid on a monthly basis. The principal and interest are paid in full upon maturity, and shall not be drawn in a revolving basis. $2.175\% + 0.125\% = 2.3\%$ per annum (floating)	2.300%	400,000	-
Bank of Taiwan	July 24, 2025	2 years (not revolving), the principal and interest are paid in installments based on the notice of the appropriation, and the principal and interest are paid on a monthly basis. The principal and interest are paid in full upon maturity, and shall not be drawn in a revolving basis. $2.175\% + 0.125\% = 2.3\%$ per annum (floating), which has been fully repaid by the Group.	2.300%	-	400,000
The Shanghai Commercial & Savings Bank	July 27, 2025	The loan totals NTD 90,000 thousand with a grace period of 2 years. It is disbursed on a lump-sum basis or in installments. 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 12 installments. This loan has been fully repaid by the Group.	2.63%	-	52,500
The Shanghai Commercial & Savings Bank	June 15, 2027	The total loan amount is NTD 3,630 thousand. Interest of the loan 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).	2.095%	-	3,630
Hua Nan Bank	October 18, 2025	The loan totals NTD 345 thousand. The principal and interest are amortized in 60 installments at an interval of 1 month from the date of borrowing. This loan has been fully repaid by the Group.	2.75%	-	126
Hua Nan Bank	October 18, 2025	The loan totals NTD 1,955 thousand. The principal and interest are amortized in 60 installments at an interval of 1 month from the date of borrowing. This loan has been fully repaid by the Group.	2.75%	-	717
Hua Nan Bank	May 3, 2026	The loan totals NTD 7,700 thousand. The principal and interest are amortized in 60 installments at an interval of 1 month from the date of borrowing. This loan has been fully repaid by the Group.	2.75%	-	3,722
Subtotal				2,232,301	2,348,113
Less: Due within one year				(65,585)	(103,735)
Long-term loans				<u>\$ 2,166,716</u>	<u>\$ 2,244,378</u>

For information on the Group's provision of guarantee and pledge for the aforementioned long-term loans, please refer to Note 37.

XX. 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	<u>\$ 786,679</u>	<u>\$ 672,228</u>
<u>Accounts payable – related parties</u> (Note 36)		
From operation	<u>\$ -</u>	<u>\$ 2,605</u>

The average credit period for purchasing raw materials, materials and commodities is 30–120 days. Interest is not included in the notes and accounts payable recognized with respect to such purchase. The Group reviews the remaining debts on a regular basis to ensure that all notes and accounts payable can be paid back within the agreed term of credit.

XXI. 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	(<u>2,340</u>)
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>

XXII. Other liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Other payables		
Equipment payment payable	\$ 52,443	\$ 73,498
Expenses payable	367,819	397,874
Others	<u>2,090</u>	<u>82,749</u>
	<u>\$ 422,352</u>	<u>\$ 554,121</u>
Other payables – related parties (Note 36)	<u>\$ 4,539</u>	<u>\$ 2,362</u>
Deferred income	<u>\$ 28,304</u>	<u>\$ 47,399</u>
Other liabilities		
Collections	\$ 11,945	\$ 12,963
Refund liabilities	4,115	4,115
Rent collected in advance	5,727	24,644
Others	<u>23</u>	<u>242</u>
	<u>\$ 21,810</u>	<u>\$ 41,964</u>
<u>Non-current</u>		
Long-term deferred income		
Government grants	<u>\$ 58,779</u>	<u>\$ 58,665</u>
Other liabilities		
Guarantee deposits received	\$ 33,749	\$ 46,899
Long-term payables	<u>7,619</u>	<u>18,095</u>
	<u>\$ 41,368</u>	<u>\$ 64,994</u>

For the deferred income generated from the government grants acquired by the Group, please refer to Note 32.

XXIII. Liability reserve

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Warranty (I)	\$ 17,807	\$ 43,683
Rework (II)	2,300	2,105
Onerous contract (III)	185	192
	<u>\$ 20,292</u>	<u>\$ 45,980</u>
<u>Non-current</u>		
Warranty (I)	<u>\$ 2,014</u>	<u>\$ 2,014</u>

- (I) The warranty liability reserve is the present value of the best estimate estimated for any future outflow of economic benefits due to warranty obligation by the Group's management according to 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.
- (II) The rework liability reserve is an estimated cost in case of rework for the goods that have been sold to the customer. It is stated as operating cost in the account. Since no significant effect is expected with the discount, the measured amount of the rework liability reserve is not discounted.
- (III) An onerous contract is a contract that is expected to be fulfilled with a cost exceeding the expected economic benefit from the contract, the present obligation deriving from the onerous contract is recognized as liability reserve.

XXIV. Retirement benefit plan

- (I) Defined contribution plan

The pension system applicable to the Company and the Group's Kentec and Tainergy according to the "Labor Pension Act" 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 applicable to the Group, Kentec and Tainergy of the Group 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. These companies appropriate 2% of the total wage of an employee as the labor pension fund every month 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 the Group does not have the right to influence the investment management strategies. The Group reached an agreement with the employees under the defined benefit pension plan to settle their seniority obligations 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.

The amounts of the defined benefit plan included in the consolidated balance sheet are listed as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligation	\$ 12,339	\$ 13,435
Fair value of plan assets	(<u>12,739</u>)	(<u>13,203</u>)
	(400)	232
Add: Net defined benefit assets (Note 18)	<u>5,872</u>	<u>5,740</u>
Net defined benefit liabilities	<u>\$ 5,472</u>	<u>\$ 5,972</u>

Changes in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
January 1, 2024	<u>\$ 13,435</u>	(<u>\$ 13,203</u>)	<u>\$ 232</u>
Interest expense (income)	<u>177</u>	(<u>162</u>)	<u>15</u>
Recognition in profit or loss	<u>177</u>	(<u>162</u>)	<u>15</u>
Remeasurement			
Return on plan assets (except for any amount included in net interest)	-	(6,671)	(6,671)
Actuarial loss (profit)			
– Changes in financial assumption	(371)	-	(371)
– Experience adjustments	(<u>334</u>)	<u>-</u>	(<u>334</u>)
Recognition in other comprehensive income	(<u>705</u>)	(<u>6,671</u>)	(<u>7,376</u>)
Contribution by employer	<u>-</u>	(<u>83</u>)	(<u>83</u>)
Payment of benefits	(<u>568</u>)	<u>568</u>	<u>-</u>
Number of shares repatriated by the Company	<u>-</u>	<u>6,812</u>	<u>6,812</u>
December 31, 2024	<u>\$ 12,339</u>	(<u>\$ 12,739</u>)	(<u>\$ 400</u>)
January 1, 2023	<u>\$ 165,762</u>	(<u>\$ 108,085</u>)	<u>\$ 57,677</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>2,292</u>	(<u>1,501</u>)	<u>791</u>
Recognition in profit or loss	<u>2,118</u>	(<u>1,501</u>)	<u>617</u>
Remeasurement			
Return on plan assets (except for any amount included in net interest)	-	(461)	(461)
Actuarial loss (profit)			
– Changes in financial assumption	130	-	130

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
– Experience adjustments	<u>2,882</u>	<u>-</u>	<u>2,882</u>
Recognition in other comprehensive income	<u>3,012</u>	(<u>461</u>)	<u>2,551</u>
Contribution by employer	-	(21,785)	(21,785)
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>\$ 13,435</u>	(<u>\$ 13,203</u>)	<u>\$ 232</u>

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

	2024	2023
Operating costs	\$ -	\$ 208
Marketing expense	-	74
Administrative expense	15	250
R&D expense	-	85
	<u>\$ 15</u>	<u>\$ 617</u>

The Group is exposed to the following risks due to the pension system under the “Labor Standards Act”:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor separately has invested the labor pension fund in domestic (foreign) equity and debt securities, and bank deposits. The investment is conducted at the discretion of the Bureau or under the mandated management. However, the profit generated from the Group’s plan assets shall be calculated with an interest rate not below the interest rate for a 2-year time deposit with local banks.
2. Interest rate risk: A decrease in the interest rates of government bonds and corporate bonds leads to increase the present value of the defined benefit obligation, and the return on debt investment of the plan assets will be increased accordingly. The net defined benefit liabilities may be partially offset by both increases.
3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salary of the plan participants. Therefore, the present value of the defined benefit obligation will be increased due to an increase in the plan participants’ salary.

The Group’s present value of the defined benefit obligation was calculated actuarially by a qualified actuary. The major assumptions on the date of measurement are as follows:

	December 31, 2024	December 31, 2023
Discount rate	1.5%~1.625%	1.25%~1.375%
Anticipated salary increase rate	2%~2.75%	2%~2.75%

If there were any reasonably possible changes to the major actuarial assumptions separately, the resulting increase (decrease) in the present value of the defined benefit obligation in the situation where all the other assumptions remained the same is as follows:

	December 31, 2024	December 31, 2023
Discount rate		

Increase by 0.25%	(\$ 357)	(\$ 400)
Decrease by 0.25%	<u>\$ 372</u>	<u>\$ 416</u>
Anticipated salary increase rate		
Increase by 0.25%	<u>\$ 362</u>	<u>\$ 405</u>
Decrease by 0.25%	(<u>\$ 349</u>)	(<u>\$ 390</u>)

Since the actuarial assumptions might be correlated to each other, and it was unlikely that the changes were only in a single assumption, the aforesaid sensitivity analysis might not reflect the actual changes in the present value of the defined benefit obligation.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Expected contribution within 1 year	<u>\$ 84</u>	<u>\$ 90</u>
Average maturity of defined benefit obligations	13.2 years	10.4–13.6 years

- (III) Since B.V.I. – Kenmec International, Kenmec Technology, Kenmec Mecha-Tronics, Kenmec Property Development, B.V.I. – Kenmec Communication, Kenmec Vietnam, SAMOA – Tainergy Tech., Tainergy Kunshan, Kunshan Kunfu Electronic Materials Co., Ltd., KENMEC THAILAND, and Vietnergy Company Limited of the Group have not established employee retirement regulations and the local government does not formulate mandatory employee retirement regulations, the aforesaid information does not apply.

XXV. Maturity analysis of assets and liabilities

The assets and liabilities of the Group with respect to the construction business are classified as current or non-current with the operating cycle as standard. 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>\$ 709,715</u>	<u>\$ 734,461</u>
Liability			
Contract liabilities	<u>\$ 37,859</u>	<u>\$ 770,873</u>	<u>\$ 808,732</u>
<u>December 31, 2023</u>			
Assets			
Contract assets	<u>\$ 13,714</u>	<u>\$ 491,202</u>	<u>\$ 504,916</u>
Liability			
Contract liabilities	<u>\$ 39,886</u>	<u>\$ 637,664</u>	<u>\$ 677,550</u>

XXVI. 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,</u> <u>distribution of cash</u> <u>dividends or transfer into</u> <u>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</u> <u>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 21)	<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 stipulated in the Company's Articles of Incorporation, please refer to in Note 28-(8) 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	<u>\$ 64,250</u>	<u>\$ 48,011</u>
Special reserves	<u>\$ -</u>	<u>(\$ 22,025)</u>
Cash dividend	<u>\$ 423,319</u>	<u>\$ 401,885</u>
Cash dividend per share (NTD)	\$ 1.70	\$ 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	(\$ 255,739)	(\$ 229,740)
Amounts incurred in the year		
Exchange differences from foreign operations	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 period		
Unrealized profit/loss Equity instruments	<u>41</u>	<u>3,299</u>
Balance – ending of the year	(<u>\$ 8,167</u>)	(<u>\$ 8,208</u>)

(VI) Non-controlling equity

	2024	2023
Balance – beginning of the year	\$ 1,769,279	\$ 1,907,084
Current net loss	(500,852)	(148,977)
Cash dividends from subsidiaries	(17,256)	(7,044)
Other comprehensive income for the year		
Exchange differences on translation of financial statements of foreign operations	25,112	(39,837)
Unrealized profit/loss from the financial assets measured at fair value through other comprehensive income	200	-
Remeasurement of defined benefits plans	486	(37)
Organizational reorganization - Disposal of subsidiary KENMEC Communication	-	34,624
Acquisition of partial equity of the subsidiary, Kentec	511	-
Acquired subsidiary Tai Vision	-	23,479
Capital increase in cash in subsidiary Chief Global Logistics	4,800	-
Non-controlling interests did not increase capital in the affiliate company in proportion to the shareholding	-	(13)
Balance – ending of the year	<u>\$ 1,282,280</u>	<u>\$ 1,769,279</u>

(VII) Treasury stocks

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

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

XXVII. Revenue

	2024	2023
Revenue from contracts with customers		
Revenue from sale of products	\$ 616,471	\$ 2,503,018
Project income	1,941,046	2,905,250
Service income	86,962	62,345
Revenue from sale of electricity	17,882	18,833
Lease income	34,664	62,044
	<u>\$ 2,697,025</u>	<u>\$ 5,551,490</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.

Solar cells and modules were sold to downstream manufacturers in the solar energy sector. the Group sold the products at the price agreed in the contract, quotation or order.

2. Project income

Since the cost of construction is directly related to the percentage of fulfillment of the contractual obligation, the Group measures the progress based on the percentage of the actually invested cost in the estimated total cost. the Group progressively recognizes contract assets during the construction and transfer them to accounts receivable when issuance of bills. 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 Group 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.

3. Service income

Service income derives from repair of equipment.

With provision of the equipment repair service from the Group, 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 Group recognizes the service income as contract assets when the service is provided and transfer it to account receivable when the repair is completed.

4. Revenue from sale of electricity

The revenue from sale of electricity was calculated based on the actually sold electricity by degree and the rate.

5. Lease income

Rental income is calculated based on the actual rent received and the frequency of use.

(II) Balance of contract amount

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts and notes receivable (Note 10)	<u>\$ 408,542</u>	<u>\$ 514,730</u>	<u>\$ 477,916</u>
Contract assets			
Construction of automated equipment	<u>\$ 734,461</u>	<u>\$ 504,916</u>	<u>\$ 454,410</u>
Contract liabilities			
Sale of commodities	\$ 5,085	\$ 7,206	\$ 117,305
Real estate sales	224	18,100	12,939
Solar equipment construction	2,383	2,763	3,429
Construction of automated equipment	<u>801,040</u>	<u>649,481</u>	<u>1,145,757</u>
Contract liabilities – current	<u>\$ 808,732</u>	<u>\$ 677,550</u>	<u>\$ 1,279,430</u>

Changes in loss allowance for contract assets are as follows:

	2024	2023
Balance – beginning of the year	\$ -	\$ -
Add: Written-off bad debts recovered	9,036	-
Add: Impairment loss appropriated in the year	-	47,553
Less: Actual amount written off in the year	-	(47,553)
Less: Impairment loss reversed in the year	(<u>9,036</u>)	<u>-</u>
Balance – ending of the year	<u>\$ -</u>	<u>\$ -</u>

(III) Customer contract income breakdown

Please refer to Note 43 for the breakdown of revenue.

(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 801,040 thousand and NTD 649,481 thousand, respectively, in aggregate sums. The Company will recognize them in project income in the coming 1 or 2 years.

XXVIII. Net profit (loss) of continuing operations

(I) Interest income

	2024	2023
Bank deposit	\$ 44,958	\$ 67,855
Interest income from loaning of funds (Note 36)	<u>4,205</u> <u>\$ 49,163</u>	<u>1,813</u> <u>\$ 69,668</u>

(II) Other revenue

	2024	2023
Net income from compensation for demolition and relocation	\$ 67,170	\$ 806,186
Lease revenue		
Investment property	107,160	84,336
Government subsidy income (Note 32)	85,003	40,542
Dividend revenue	2,675	4,406
Others	18,148	8,480
	<u>\$ 280,156</u>	<u>\$ 943,950</u>

Due to the requirements of the government's construction project, the Group's Kenmec Mecha-Tronics and Kenmec Technology (Suzhou) entered into a house demolition compensation agreement with the local government authority in March 2021. The total price was RMB 123,840 thousand and RMB 214,375 thousand, respectively.

The Group's Kenmec Mecha-Tronics and Kenmec Technology recognized the net income from the compensation as follows:

	2024	2023
Compensation income for demolition and relocation	\$ 67,170	\$ 1,194,568
Less: Net current assets held for sale	-	(289,484)
Demolition and relocation expenditures	-	(98,898)
Net income from compensation for demolition	<u>\$ 67,170</u>	<u>\$ 806,186</u>

(III) Other profits and losses

	2024	2023
Profit on disposal of property, plants and equipment	\$ 1,302	\$ 98
Disposal of investment property benefits	50,423	-
Gains on disposal of non-current assets held for sale	-	2,221
Net foreign exchange gains	66,549	23,491
Profit on lease modification	565	143
Gains on financial assets and financial liabilities		
Financial assets mandatorily measured at fair value through profit or loss	960	43,947
Impairment loss	(249,340)	(161,792)
Other revenues and expenses	(5,134)	(3,326)
	<u>(\$ 134,675)</u>	<u>(\$ 95,218)</u>

For the impairment loss recognized by the Group in 2024 and 2023, please refer to the description in Notes 14 and 18.

(IV) Financial costs

	2024	2023
Bank loan interest	\$ 71,236	\$ 47,615
Interest on lease liabilities	6,523	7,238
Interest on convertible corporate bonds	6,261	-
	<u>\$ 84,020</u>	<u>\$ 54,853</u>

Information on capitalization of interest:

	2024	2023
Capitalization of interest – amount	<u>\$ 914</u>	<u>\$ 115</u>
Capitalization of interest – interest rate	4.32%	4.99%

(V) Depreciation and amortization

	2024	2023
Summary of depreciation expenses by function		
Operating costs	\$ 190,171	\$ 251,696
Operating expenses	<u>175,161</u>	<u>163,469</u>
	<u>\$ 365,332</u>	<u>\$ 415,165</u>
Summary of amortization expenses by function		
Operating costs	\$ 3,095	\$ 3,786
Operating expenses	<u>6,190</u>	<u>5,197</u>
	<u>\$ 9,285</u>	<u>\$ 8,983</u>

For the information on the amortization of intangible assets allocated to each line item, please refer to Note 17.

(VI) Direct operating expenses of investment property

	2024	2023
Generation of rental income		
Depreciation expenses	<u>\$ 74,862</u>	<u>\$ 74,786</u>

(VII) Employee benefit expense

	2024	2023
Short-term employee benefits	<u>\$ 944,606</u>	<u>\$ 1,062,728</u>
Retirement benefits		
Defined contribution plan	32,456	29,543
Defined benefit plan (Note 24)	<u>15</u>	<u>617</u>
	<u>32,471</u>	<u>30,160</u>
Share-based payment (Note 31)	<u>18,500</u>	<u>40,993</u>
Total employee benefit expenses	<u>\$ 995,577</u>	<u>\$ 1,133,881</u>
Summarized by function		
Operating costs	\$ 415,587	\$ 498,931
Operating expenses	<u>579,990</u>	<u>634,950</u>
	<u>\$ 995,577</u>	<u>\$ 1,133,881</u>

(VIII) 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 employees and directors. Due to operating loss in 2024, it was resolved by the Board of Directors on March 7, 2025 that no remuneration to employees or directors/supervisors is to be distributed. The remuneration to employees, directors and supervisors in 2023 was resolved by the Board of Directors on March 7, 2024 as follows:

	2023
Remuneration to employees	7.1%
Remuneration to directors	1.4%

Amount

	2023
Remuneration to employees	\$ 61,886
Remuneration to directors	\$ 11,869

If there were any changes in the amount after the approval and release date of annual consolidated financial statements, the change was treated as a change in accounting estimate and accounted in the following year.

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

(IX) Foreign exchange (loss) gain

	2024	2023
Total profit from translation of foreign currencies	\$ 67,849	\$ 81,597
Total loss from translation of foreign currencies	(1,300)	(58,106)
Net gain	\$ 66,549	\$ 23,491

(X) Impairment (loss) reversal

	2024	2023
Inventory (incorporated in operating cost)	\$ 22,828	(\$ 50,990)
Advance sales receipts (including operating costs)	-	10,237
Property, plant and equipment (included in other gains and losses)	(249,340)	(161,792)
Contract assets (included in expected credit impairment loss)	9,036	(47,553)
Financial assets measured at amortized cost (including expected credit impairment loss)	(16,495)	-
Accounts receivable (including expected credit impairment loss)	4,936	(28,860)
	(\$ 229,035)	(\$ 278,958)

XXIX. 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		
Tax incurred in the year	\$ 1,860	\$ 63,475
Additional tax levied on undistributed earnings	1,437	-
Adjustments for the previous year	(1,771)	43,743
Deferred income tax		
Tax incurred in the year	<u>27,486</u>	<u>106</u>
Income tax expenses recognized in profit or loss	<u>\$ 29,012</u>	<u>\$ 107,324</u>

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

	<u>2024</u>	<u>2023</u>
Net profit (loss) before tax from continuing operations	(<u>\$ 615,067</u>)	<u>\$ 754,344</u>
Income tax profit on net loss or gain before tax calculated at the statutory tax rate	(\$ 136,439)	\$ 300,892
Non-deductible expenses or non-deductible gains on tax	29,364	70,418
Additional tax levied on undistributed earnings	1,437	-
Non-taxable income	(4,562)	(9,443)
Unrecognized loss carryforwards	93,792	(98,795)
Unrecognized deductible temporary difference	47,191	(193,708)
Adjustment to income tax expenses of the previous year in the period	(<u>1,771</u>)	<u>37,960</u>
Income tax expenses recognized in profit or loss	<u>\$ 29,012</u>	<u>\$ 107,324</u>

(II) Income tax recognized in other comprehensive income

	<u>2024</u>	<u>2023</u>
<u>Deferred income tax</u>		
Amounts incurred in the year		
- Exchange differences from foreign operations	\$ 5,116	(\$ 2,317)
- Remeasurement of defined benefits plans	<u>240</u>	(<u>581</u>)
	<u>\$ 5,356</u>	(<u>\$ 2,898</u>)

(III) Current income tax assets and liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current income tax assets		
Income tax refund receivable	<u>\$ 14,523</u>	<u>\$ 9,479</u>
Current tax liabilities		
Income tax payable	<u>\$ 623</u>	<u>\$ 2,148</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				
Defined retirement benefit plan	\$ 12,370	(\$ 350)	(\$ 240)	\$ 11,780
Exchange differences from foreign operations	12,700	2,799	(5,116)	10,383
Share of profit/loss of subsidiaries, associates and joint ventures under the equity method	135,104	(5,752)	-	129,352
Others	<u>20,490</u>	<u>(23,334)</u>	<u>-</u>	<u>(2,844)</u>
	<u>\$ 180,664</u>	<u>(\$ 26,637)</u>	<u>(\$ 5,356)</u>	<u>\$ 148,671</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Land incremental tax	(\$ 56,108)	\$ -	\$ -	(\$ 56,108)
Others	<u>(2,496)</u>	<u>(849)</u>	<u>-</u>	<u>(3,345)</u>
	<u>(\$ 58,604)</u>	<u>(\$ 849)</u>	<u>\$ -</u>	<u>(\$ 59,453)</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				
Defined retirement benefit plan	\$ 11,780	\$ 9	\$ 581	\$ 12,370
Exchange differences from foreign operations	10,383	-	2,317	12,700
Share of profit/loss of subsidiaries, associates and joint ventures under the equity method	135,104	-	-	135,104
Others	<u>19,979</u>	<u>511</u>	<u>-</u>	<u>20,490</u>
	<u>\$ 177,246</u>	<u>\$ 520</u>	<u>\$ 2,898</u>	<u>\$ 180,664</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Land incremental tax	(\$ 56,108)	\$ -	\$ -	(\$ 56,108)
Others	<u>(1,870)</u>	<u>(626)</u>	<u>-</u>	<u>(2,496)</u>
	<u>(\$ 57,978)</u>	<u>(\$ 626)</u>	<u>\$ -</u>	<u>(\$ 58,604)</u>

- (V) Amounts of deductible temporary difference of the deferred income tax assets unrecognized in consolidated balance sheet, unused loss carryforwards, and unused investment tax credits

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Loss carryforwards</u>		
Mature in 2024	\$ -	\$ 246,159
Mature in 2025	103,539	36,463
Mature in 2026	587,720	342,529
Mature in 2027	731,875	726,332
Mature in 2028	1,147,684	1,140,838
Mature in 2029	436,847	356,724
Mature in 2030	118,309	914,402
Mature in 2031	315,888	589,272
Mature in 2032	305,661	376,266
Mature in 2033	464,299	490,819
Mature in 2034	441,830	-
	<u>\$ 4,653,652</u>	<u>\$ 5,219,804</u>
<u>Deductible temporary difference</u>		
Inventory devaluation loss	\$ 19,673	\$ 39,004
Allowance for loss	74,675	74,674
Guarantee deposits paid impairment	328,341	328,341
Prepayment for purchase impairment	154,692	164,929
Unrealized exchange losses	34,407	15,719
Property, plant and equipment impairment loss	1,062,247	941,269
Unrealized warranty expense	237	2,062
Others	33,129	30,738
	<u>\$ 1,707,401</u>	<u>\$ 1,596,736</u>

- (VI) Authorization of income tax

The Company's profit-seeking enterprise income tax returns up to 2021 have been approved by the tax authorities; the profit-seeking enterprise income tax returns of Tainergy, Taisic Materials, Chief Global Logistics, and Hua Xia Company, and Kentec up to 2022 have been approved by the tax authorities.

The subsidiaries domiciled in the British Virgin Islands and Samoa are not subject to tax and, therefore, are not subject to profit-seeking enterprise income tax approved by the authority. As of December 31, 2024, due to the application of local laws and regulations, the estimated payable tax liabilities and income tax expenses had been made.

XXX. (Loss) earnings per share

	2024	Unit: NTD per share 2023
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)

	2024	2023
Net income (loss) 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

	2024	Unit: thousand shares 2023
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 Group 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.

XXXI. 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:

	June 11, 2024
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:

	August 2023
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%

XXXII. Government grants

- (I) Tainergy Kunshan of the Group established factories in Kunshan Economic and Technological Development Zone (KETD) for production of solar cells in 2008. To provide preferential investment conditions, the KETD Administration Committee agreed on a one-off subsidy of NTD 155,756 thousand for construction of infrastructure in consideration of the investment of the Tainergy Kunshan and the geology of the land for which the right-of-use had been acquired. The subsidy was subject to amortization in 50 years based on the effective period of the right-of-use of the land. The Board meeting held on October 22, 2021 approved to dispose of part of the land use rights; therefore, RMB 9,939 thousand (NTD 43,176 thousand) was directly reclassified to liabilities held for disposal, and RMB 44,138 thousand was transferred to income on October 27, 2022. As of December 31, 2024 and 2023, the balance of the amortization was NTD 58,695 thousand (RMB 13,107 thousand) and NTD 58,368 thousand (RMB 13,489 thousand), respectively, and stated as long-term deferred income. NTD 1,701 thousand and NTD 1,678 thousand were recognized in profit in 2024 and 2023, respectively.

- (II) Tainergy Kunshan of the Group acquired a one-off equipment subsidy of NTD 3,889 thousand (RMB 859 thousand) from the government in 2015, 2016 and 2017, respectively. The respective subsidy was subject to amortization in 5 to 10 years based on the useful life of the equipment. As of December 31, 2024 and 2023, the balance of the amortization was NTD 0 (RMB 0) and NTD 128 thousand (RMB 30 thousand), respectively, and stated as long-term deferred income. NTD 133 thousand and NTD 482 thousand were recognized in profit in 2024 and 2023, respectively.
- (III) In July 2022, the Company and Taisic Materials Co. of the Group signed a Taiwan Industry Innovation Platform Counseling Project of MOEA with the Taiwan Small & Medium Enterprise Counseling Foundation (Taiwan SMECF), applied 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 58,125 thousand and NTD 49,600 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 balances were NTD 2,900 thousand and NTD 12,090 thousand, respectively, recognized as deferred income. In 2024 and 2023, income of NTD 15,499 thousand and NTD 24,716 thousand, respectively was recognized, in accordance with the subsidy plan.
- (IV) The Group's Taisic Materials received a one-time government subsidy of NTD 330 thousand for the purchase of equipment in February 2023, which is amortized over four years according to the useful years of the equipment. As of December 31, 2024 and 2023, the amortized balance was NTD 169 thousand (recognized as deferred income of NTD 85 thousand and long-term deferred income of NTD 84 thousand) and NTD 253 thousand (recognized as deferred income of NTD 84 thousand and long-term deferred income of NTD 169 thousand). In 2024 and 2023, the income recognized was NTD 84 thousand and NTD 77 thousand, respectively.
- (V) The Group's Kentec signed the EMS industry SMT process equipment networking standard and wisdom feedback promotion plan from January 1, 2023 to December 31, 2024 with the Taiwan Small & Medium Enterprise Counseling Foundation (Taiwan SMECF). As of December 31, 2024 and 2023, the Company had applied for subsidies of NTD 4,435 thousand and NTD 1,683 thousand, respectively, and the amortized balance was NTD 222 thousand and NTD 225 thousand, respectively, and it was recognized in deferred income. In 2024 and 2023, the income recognized was NTD 2,530 thousand and NTD 1,458 thousand, respectively.
- (VI) 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.
- (VII) 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.

(VIII) 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.

XXXIII. Information on cash flow

(I) Non-cash transactions

In addition to those disclosed in other notes, the Groups investing and financing activities for the non-cash transactions in 2024 and 2023 are as follows:

1. The Group reclassified NTD 1,103 thousand and NTD 38,472 thousand of prepayment for equipment into property, plant and equipment in 2024 and 2023, respectively.
2. The payment to be made by the Group for purchase of the property, plant and equipment decreased by NTD 21,055 thousand and increased by NTD 31,514 thousand respectively, in 2024 and 2023.
3. The Group reclassified the prepaid investment in 2024 and 2023 to financial assets at fair value through profit or loss - non-current of NTD 580 thousand and NTD 493,696 thousand, respectively.
4. The Group reclassified NTD 124,744 thousand property, plant and equipment into contract assets in 2024.
5. The Group reclassified NTD 2,895 thousand contract assets into property, plant and equipment in 2023.
6. The Group's investment in financial instruments measured at fair value through profit or loss decreased by NTD 3,956 thousand in 2023.
7. In 2023, the Group reclassified contract assets to intangible assets of NTD 3,884 thousand.
8. In 2023, the Group reduced investment properties and accounts payable by NTD 10,156 thousand at the same time.

(II) Changes in liabilities from financing activities

December 31, 2024

	January 1, 2024	Cash flow	New lease	Non-cash change			December 31, 2024
				Termination of contract and derecognition of account	Lease modification	Profit or loss from translation of foreign currencies	
Lease liabilities	\$ 336,996	(\$ 52,095)	\$ 8,581	(\$ 3,718)	\$ 467	\$ 2,007	\$ 292,238

December 31, 2023

	January 1, 2023	Cash flow	New lease	Non-cash change			December 31, 2023
				Termination of contract and derecognition of account	Lease modification	Profit or loss from translation of foreign currencies	
Lease liabilities	\$ 345,069	(\$ 42,861)	\$ 31,755	(\$ 65)	\$ 2,204	\$ 894	\$ 336,996

The interest expenses recognized for lease liabilities in 2024 and 2023 were NTD 6,523 thousand and NTD 7,238 thousand, respectively, and included in the interest payments in the statement of cash flows.

XXXIV. Capital risk management

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

The capital structure of the Group 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, other equities, and non-controlling equity).

The Group did not need to adhere to external capital requirements.

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

XXXV. Financial instruments

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

In addition to the disclosures in the table below, the Group'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	-	-	159,457	159,457
Fund beneficiary certificate	100,506	-	-	100,506
Floating-rate financial commodity	-	140,717	-	140,717
Total	<u>\$ 111,597</u>	<u>\$ 140,717</u>	<u>\$ 159,457</u>	<u>\$ 411,771</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Investment in equity instruments				
- Domestic non-listed (non-OTC) stocks	\$ -	\$ -	\$ 124,940	\$ 124,940
<u>Financial liabilities measured at fair value through profit or loss</u>				
Convertible corporate bond option	\$ -	\$ -	\$ 3,900	\$ 3,900

December 31, 2023

	Level 1	Level 2	Level 3	Total
<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	337,212	-	-	337,212
Floating-rate financial commodity	-	56,466	-	56,466
Structured deposit	-	50,005	-	50,005
Total	<u>\$ 350,246</u>	<u>\$ 106,471</u>	<u>\$ 131,797</u>	<u>\$ 588,514</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Investment in equity instruments				
– Domestic non-listed (non-OTC) stocks	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,167</u>	<u>\$ 59,167</u>
<u>Financial liabilities measured at fair value through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 11</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
	Equity instruments	Equity instruments	
Balance – beginning of the year	\$ 131,797	\$ 59,167	\$ 190,964
Purchase	35,000	64,952	99,952
Reclassification	-	580	580
Recognition in profit or loss (other profits and losses)	(7,340)	-	(7,340)
Recognized in other comprehensive income (unrealized profit/loss from the financial assets measured at fair value through other comprehensive income)	<u>-</u>	<u>241</u>	<u>241</u>
Balance – ending of the year	<u>\$ 159,457</u>	<u>\$ 124,940</u>	<u>\$ 284,397</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	2,340
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)	-	3,299	3,299
Balance – ending of the year	<u>\$ 131,797</u>	<u>\$ 59,167</u>	<u>\$ 190,964</u>

3. Evaluation technology and inputs of Level 2 fair value measurement

Class of financial instruments	Evaluation technology and inputs
Structured deposit mandatorily measured at fair value through profit or loss	As for the fair value, the discount rate curve inferred from the open market quote is used as the parameter for calculation of the cash flow discount value in the future, and this value is used as the basis for the estimation.
Floating-rate financial products	Cash flow discounting method: With this method, the cash flow in the future is estimated based on the observable forward interest rate at the end of the period and the interest rate specified in the contract, and the discount is determined with reference to the discount rate reflecting the credit risk of the counterparty.
Derivative instruments – forward foreign exchange contract	Cash flow discounting method: With this method, the cash flow in the future is estimated based on the observable market interest rate at the end of the period and the interest rate specified in the contract, and the discount is determined with reference to the discount rate reflecting the credit risk of the counterparty.

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

- (1) 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.
- (2) Derivatives - convertible corporate bonds - the redemption right is estimated using the binary tree convertible corporate bond evaluation model, and the significant unobservable inputs used are stock price volatility, risk discount rate and liquidity risk.

(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	\$ 411,771	\$ 588,514
Financial assets measured at amortized cost (Note 1)	3,823,704	3,196,207
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	124,940	59,167
<u>Financial liabilities</u>		
Measurement at fair value through profit or loss		
Held for trading	-	11
Measurement at amortized cost (Note 2)	4,681,653	4,456,299
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, notes and accounts receivable, partial other receivables, guarantee deposits paid and other financial assets.

Note 2: The balance includes short-term borrowings, short-term notes payable, notes payable, accounts payable, partial other payables, long-term liabilities maturing within one year, corporate bonds payable, long-term payables, guarantee deposits received, and long-term borrowings.

(IV) Financial risk management purpose and policy

The Group's main financial instruments include investments in equity and liability instruments, accounts receivable, accounts payable, borrowings, and lease liabilities. The Group's 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 Group'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 Group 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 Group. 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 Group does 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 Group 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 Group are exchange rate fluctuation risk (see (1) below), interest rate fluctuation risk (see (2) below), and other price risks (see (3) below). The Group is engaged in various derivative financial instruments to manage the imposed foreign exchange rate and interest rate risk, including:

- A. Forward 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 Group does 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 Group is engaged in sales and purchases transactions in foreign currency. These transactions expose the Group to the exchange rate fluctuation risk. About 20% of the sales amount of the Group is not valued with the functional currency of the Group's individual entities engaging in the transactions. About 28% of the cost amount is not valued with the functional currency of the Group's individual entities engaging in the transactions. The Group uses forward foreign exchange contracts or exchange rate options to manage the exchange rate risk within the policies.

Refer to Note 41 for the book value of the monetary assets and liabilities of the Group valued with non-functional currencies on the balance sheet date (including the monetary items valued with non-functional currencies and written off on the consolidated financial statements) and the book value of the derivative instruments exposed to exchange rate risk.

Sensitivity analysis

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

The sensitivity analysis of the Group 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 Group when reporting the exchange rate risk to the key management. It also indicates the assessment of 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 sensitivity analysis includes the loans that are not valued with the functional currency of the creditor or borrower. The positive number in the following table means the reduced amount of the post-tax net profit (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 (loss) is represented with a negative number of the same amount.

	Effect of USD		Effect of RMB	
	2024	2023	2024	2023
Profit or loss	\$ 3,206 (i)	\$ 22,497 (i)	\$ 1,424 (i)	\$ 3,459 (i)

	Effect of EUR	
	2024	2023
Profit or loss	(\$ 1,228)(i)	(\$ 2,570)(i)

- (i) The main source of cash flow is the Group's outstanding USD, RMB and EUR-denominated bank deposits, receivables, payables, and borrowings at the balance sheet date and were not hedged against the cash-flow risk.

The Group's sensitivity to the USD exchange rate declined in the current year mainly due to the decrease in accounts receivable denominated in USD; the sensitivity to the RMB exchange rate declined mainly due to the decrease in accounts receivable denominated in RMB; the sensitivity to the EUR exchange rate declined mainly due to the decrease in accounts payable denominated in EUR. 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 mid-term exposure.

(2) Interest rate risk

The interest rate risk exposure occurred as the Group's entities borrowed funds at the floating rates at the same time. The Group maintains an adequate portfolio of fixed interest rate to manage the interest rate risk. The Group 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 value of the financial assets and liabilities of the Group 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	\$ 268,154	\$ 371,459
– Financial liabilities	862,721	336,996
With cash flow interest rate risk		
– Financial assets	2,893,461	2,023,688
– Financial liabilities	2,942,950	3,218,463

The Group is exposed to cash flow interest rate risk due to holding bank loans at variable interest rate. This conforms to the policy of the Group to reduce the interest rate fair value risk by maintaining the loans at floating interest rate. The cash flow interest rate risk of the Group 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 Group when reporting the interest rate to the key management is the interest rate plus or minus 1%. It also indicates the assessment of management on the reasonable potential fluctuation of the interest rate.

If interest rates increase/decrease by 1%, with all other variables remaining the same, the Group's net (loss) for 2024 and 2023 would increase/decrease by NTD 396 thousand and decrease/increase by NTD 10,358 thousand, respectively, mainly due to the exposure to interest rate risk of the Group's variable-rate bank deposits.

(3) Other price risks

The Group sustains exposure to equity securities price risk due to investment in publicly offered equity securities and beneficiary certificates. The Group's management manages risk by holding different risk investment portfolios. The Group designates responsible teams to monitor the price risk and assess when the hedging position shall be increased for the risk.

Sensitivity analysis

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

When the equity price increased/decreased by 3%, the profit or loss after tax in 2024 and 2023 decreased/increased by NTD 5,116 thousand and NTD 4,345 thousand, respectively, due to decreases/increases of the fair value of the financial assets measured at fair value through profit or loss. Other comprehensive income after tax in 2024 and 2023 decreased/increased by NTD 3,748 thousand and increased/decreased by 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 Group to the price risk increased in the current period was mainly due to an increase in the investment in equity securities.

2. Credit risk

The credit risk refers to the risk in the financial loss of the Group due to the counterparty delays in the fulfillment of the contractual obligations. Up to the balance sheet date, the Group'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 Group provided was mainly derived from the book value of the financial assets recognized in the consolidated balance sheet.

According to the policy, the Group only trades the counterparties that are rated equivalent to the investment level or higher in brand awareness. Full guarantees are required if necessary to reduce the risk of financial losses due to default. In addition, the Group rates customers with reference to open financial information as well as mutual trading records. The Group monitors the credit risk exposure and the credit rating of the counterparties on an ongoing basis. The account of the customers is checked before the shipment to make sure there is no overdue payment and how the collection status is in the recent period, and the internal personnel of the Group supervises the release in order to minimize the potential credit risk. In addition, the Group reviews the recoverable amount of accounts receivable separately on the balance sheet date to make sure that the appropriate impairment loss of the accounts receivable that cannot be recovered is recognized. As a result, the management of the Group finds that the credit risk of the Group is reduced significantly.

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

3. Liquidity risk

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

For the Group, bank loans are one of the important sources of liquidity. For the financing facility that the Group has not used, refer to relevant descriptions in (3) 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 Group and the non-discounted cash flow of the financial liabilities (including the principal and estimated interest). Hence, the bank loan which the Group 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		786,679	-	-	-
Other payables		426,891	-	-	-
Guarantee deposits received		33,749	-	-	-
Fixed interest rate instruments					
Bonds payable		-	570,483	-	-
Floating interest rate instruments					
Short-term loans	2.66%	729,547	-	-	-
Long-term loans	2.1%	66,273	610,897	247,625	1,493,862
Lease liabilities		<u>44,251</u>	<u>46,682</u>	<u>43,050</u>	<u>204,092</u>
		<u>\$ 2,093,862</u>	<u>\$ 1,228,062</u>	<u>\$ 290,675</u>	<u>\$ 1,697,954</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>\$ 44,251</u>	<u>\$ 89,732</u>	<u>\$107,460</u>	<u>\$ 73,471</u>	<u>\$ 16,330</u>	<u>\$ 6,831</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		\$ 674,833	\$ -	\$ -	\$ -
Other payables		556,483	-	-	-
Guarantee deposits received		46,899	-	-	-
Floating interest rate instruments					
Short-term notes payable		37,000	-	-	-
Short-term loans	2.81%	959,653	-	-	-
Long-term loans	1.96%	104,754	573,288	166,304	1,689,691
Lease liabilities		<u>60,890</u>	<u>58,501</u>	<u>42,219</u>	<u>200,407</u>
		<u>\$ 2,440,512</u>	<u>\$ 631,789</u>	<u>\$ 208,523</u>	<u>\$ 1,890,098</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>\$ 60,890</u>	<u>\$161,610</u>	<u>\$101,984</u>	<u>\$ 68,683</u>	<u>\$ 22,854</u>	<u>\$ 6,886</u>

(2) Liquidity and interest rate risks of derivative financial liabilities

For the analysis of the liquidity of derivatives, the derivatives settled on a net basis are based on the net cash inflow and outflow of the undiscounted contract.

December 31, 2023

	Repaid immediately or within less than 1 months	1–3 months	3 months to 1 year	1–5 years	Over 5 years
<u>Settle net = Net settlement</u>					
Forward exchange contract	\$ <u>11</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

(3) Financing facility

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unsecured bank overdraft facility (reviewed annually)		
– Employed capital	\$ 528,127	\$ 148,913
– Unemployed capital	<u>550,000</u>	<u>980,972</u>
	<u>\$ 1,078,127</u>	<u>\$ 1,129,885</u>
Secured bank loan limit (extension possible under mutual agreement)		
– Employed capital	\$ 2,460,737	\$ 3,558,363
– Unemployed capital	<u>1,208,288</u>	<u>756,397</u>
	<u>\$ 3,669,025</u>	<u>\$ 4,314,760</u>
Secured other loan limit		
– Employed capital	\$ 429,305	\$ -
– Unemployed capital	<u>372,840</u>	<u>-</u>
	<u>\$ 802,145</u>	<u>\$ -</u>
Unsecured other loan limit		
– Employed capital	\$ 221,932	\$ -
– Unemployed capital	<u>72,000</u>	<u>80,000</u>
	<u>\$ 293,932</u>	<u>\$ 80,000</u>

XXXVI. Related party transaction

Since all the transactions, account balances, profits and expenses/losses between the Company and the subsidiaries (namely, the Company's related parties) were removed after the merger, they were not disclosed in the Note. In addition to those disclosed in other notes, transactions between the Group 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 Group</u>
Kentec Electronics (Suzhou) Co., Ltd. (Kentec Electronics)	Associate
Star Solar New Energy Co., Ltd. (Star Solar New Energy)	Associate
Anhui Rongyun Property Development Co., Ltd. (Anhui Rongyun)	Associate
Qie-Yi Co., Ltd.	De facto related party
Long-Zi Co., Ltd.	De facto related party
CHING-FU HSIEH	The Company's Chairman

(II) Purchase

<u>Type of Related Party</u>	<u>2024</u>	<u>2023</u>
Associate	\$ <u>-</u>	\$ <u>627</u>

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

(III) Accounts receivable from related parties (excluding loans to related parties)

<u>Account Title</u>	<u>Type of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other receivables	Star Solar New Energy	\$ -	\$ 289
	Anhui Rongyun	<u>1,159</u>	<u>158</u>
		<u>\$ 1,159</u>	<u>\$ 447</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.

(IV) Payables to related parties

<u>Account Title</u>	<u>Type of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts payable	Kentec Electronics	\$ <u>-</u>	\$ <u>2,605</u>
Other payables	Star Solar New Energy	<u>\$ 4,539</u>	<u>\$ 2,362</u>

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

(V) Prepayments

<u>Account Title</u>	<u>Type of Related Party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Prepayments	Star Solar New Energy	<u>\$ 307</u>	<u>\$ -</u>
Prepayment for equipment	Star Solar New Energy	<u>\$ 591</u>	<u>\$ -</u>

(VI) Lease agreement

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

Type of Related Party	Premises	Lease Period	Determination of Rent	Monthly Rental
De facto related party	No. 21, Xindu Rd., Qianzhen Dist., Kaohsiung City	2023.01.01-2023.6.30	Negotiation	\$ 196
De facto related party	No. 12, Xinda Rd., Qianzhen Dist., Kaohsiung City	2023.01.01-2023.6.30	Negotiation	186

(VII) Loans to related parties

Type/Name of Related Party	December 31, 2024	December 31, 2023
Associate		
Star Solar New Energy	\$ -	\$ 65,000
Anhui Rongyun	\$ 24,276	\$ 17,395

Interest income

Type/Name of Related Party	December 31, 2024	December 31, 2023
Associate		
Star Solar New Energy	\$ 1,484	\$ 1,651
Anhui Rongyun	\$ 2,721	\$ 162

As of December 31, 2023, the Group provided short-term loans to Star Solar New Energy and obtained a deposit of NTD 6,500 thousand from the company, with an interest rate close to the market interest rate.

The Group's loan to Anhui Rongyun is an unsecured loan with an interest rate close to the market interest rate.

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

(VIII) Endorsements/guarantees

Acquisition of endorsements/guarantees

Type/Name of Related Party	December 31, 2024	December 31, 2023
The Company's Chairman		
CHING-FU HSIEH		
Amount guaranteed	\$ 1,337,802	\$ 1,583,420
Drawdown	\$ 332,685	\$ 457,602

(IX) Related party transactions

Others

Account Title	Type/Name of Related Party	2024	2023
Manufacturing expense – repair expense	Associate	\$ 6,061	\$ 8,819
Manufacturing expense – others	Associate	\$ 96	\$ 342
Repair cost	Associate	\$ 35	\$ 262
Miscellaneous expenses	Associate	\$ 64	\$ 78

(X) Remuneration to key management

2024	2023
------	------

Short-term employee benefits	\$ 71,853	\$ 142,562
Retirement benefits	1,147	951
Share-based Payment	<u>2,054</u>	<u>635</u>
	<u>\$ 75,054</u>	<u>\$ 144,148</u>

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

XXXVII. Pledged and mortgaged assets

The following assets were provided as collaterals for bank loans, purchase or import of equipment, litigation, 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)	\$ 160,845	\$ 54,437
Notes receivable	-	125
Other financial assets – current	286,699	186,244
Property, plant and equipment		
Land and land improvement	\$ 2,102,770	\$ 2,102,770
Building equipment	653,333	686,527
Machinery and equipment	160,727	113,101
Investment property	190,604	183,463
Construction deposits paid (recognized in other assets – current)	41,947	55,694
Guarantee deposits paid	95,940	110,752
Pledged C/D (stated as financial assets measured at amortized cost – non-current)	69,519	73,700
Other financial assets – Non-current	<u>227,000</u>	<u>147,000</u>
	<u>\$ 3,989,384</u>	<u>\$ 3,713,813</u>

XXXVIII. Significant contingent liability and unrecognized contractual commitment

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

(I) Significant commitments

1. The amount under the letters of guarantee that the Group authorized banks to issue for performance of construction contracts or warranty of works and the balance of the unused letters of credit are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Issuance of letters of guarantee</u>		
NTD	\$ 1,601,763	\$ 1,114,952

2. The total price of the contract entered into by Tainergy of the Group for completion and purchase of unfinished construction and equipment and the amount unpaid are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Purchase of unfinished construction and equipment		
Total contract price	\$ 188,204	\$ 193,497
Amount paid	(<u>139,025</u>)	(<u>115,982</u>)
Amount unpaid	<u>\$ 49,179</u>	<u>\$ 77,515</u>

3. As of December 31, 2024 and 2023, the amount of the guarantee notes issued by the Group's Tainergy for loans was both NTD 130,000 thousand. As for the amount of the endorsement/guarantee provided for loans, please refer to Table 2 in Note 42.

(II) Contingency

1. Material purchase agreement between the Company and SunEdison Products Singapore Pte, Ltd. (hereinafter referred to as SunEdison)

Material purchase agreement

The Group's Tainergy entered into a material purchase agreement with SunEdison on July 9, 2008. According to the agreement, the Group's Tainergy should purchase solar wafers for no less than USD 3.4 billion from SunEdison from September 1, 2008 to August 31, 2018, and should provide a performance bond amount to about USD 10,500 thousand to USD 66,500 thousand every year during the period of the agreement.

As the minimum purchase quantity of the Group's Tainergy was not met, the Group had agreed with SunEdison to have the guarantee deposits paid for by Tainergy be deducted from the minimum purchase quantity. The Group recognized the refundable guarantee deposits and other non-current assets - other item in 2012 for a total of NTD 820,314 thousand.

SunEdison's application for reorganization

On April 21, 2016, SunEdison announced the application for restructuring. The Group's Tainergy comprehensively evaluated the possibility of recovery and recorded an impairment loss of NTD 307,800 thousand and NTD 6,835 thousand for 2017 and 2021, respectively, for the related other accounts receivable and refundable deposits.

As of December 31, 2024 and 2023, the balance of the guarantee deposits paid that Tainergy of the Group recognized was NTD 0 thousand.

2. The silicon wafer purchase agreement between Tainergy of the Group and Sino-American Silicon Products Inc. (hereinafter referred to as Sino-American Silicon)

Commitment to material purchase agreement

The Group's Tainergy entered into a material purchase agreement with Sino-American Silicon in September 2007. The parties agreed on an annual purchase of solar wafers at a price amounting to no less than USD 44,388 thousand and EUR 85,518 thousand as specified in the agreement from January 1, 2008 to December 31, 2010 and from January 1, 2009 to December 31, 2019, respectively. The prepayments were not returnable, and the prepayment of Tainergy totaled EUR 7,470 thousand.

Renewal of the agreement

Tainergy and Sino-American Silicon Products Inc. agreed to continue to fulfill the contract before and after December 31, 2024 in accordance with the contents of the bilateral agreement. As of December 31, 2024 and 2023, Tainergy estimated that the cost of prepayments would be higher than the expected economic benefits from the contract, and the accumulated impairment loss of prepayments of NTD 154,693 thousand and NTD 154,693 thousand, respectively have been set aside.

3. 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.
4. The bankruptcy administrator of Hanergy Thin Film Power Group Limited sent a letter to the Group's Kenmec Mecha-Tronics to pay RMB 27,920 thousand to Hanergy Thin Film Power Group Limited. Hanergy Thin Film Power Group Limited claimed that Kenmec Mecha-Tronics undertook its project in 2018 and the project was terminated subsequently. Therefore, Hanergy Thin Film Power Group Limited claimed that Kenmec Mecha-Tronics should return the advance payment made by Hanergy Thin Film Power Group Limited. However, Kenmec Mecha-Tronics claimed that the contract had already terminated, so it had no obligation to continue to perform the contract, and since Hanergy Thin Film Power Group Limited breached the contract first, Kenmec Mecha-Tronics should not be liable for damages. According to the preliminary assessment of the commissioned attorney, as the burden of proof is on Hanergy Thin Film Power Group Limited, the legal position of Kenmec Mecha-Tronics is solid and they have a strong defense. Currently, it is deemed that Hanergy Thin Film Power Group Limited is not in a position to claim any damages or remedies from Kenmec Mecha-Tronics.

XXXIX. Other Matters

In early April 2024, several solar energy manufacturers in the U.S. filed a petition to the United States Department of Commerce and the United States International Trade Commission to request the anti-dumping and countervailing order on solar cells and modules imported from four Southeast Asian countries (including Thailand, Malaysia, Thailand, and Vietnam). In May 2024, the United States Commerce Department initiated the anti-dumping and countervailing order on the solar photovoltaic system products of four Southeast Asian countries.

VIETENERGY is an important production base of the Group in Vietnam and its operations have therefore been significantly affected. On November 29, 2024, the United States Commerce Department preliminarily determined that the anti-dumping tariff applicable to VIETENERGY is 54.46%, and the final determination date is April 18, 2025.

XL. Significant subsequent events

Except as disclosed in other notes, the Group'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 of the equity in subsidiary Hua Xia Construction, wholly-owned by the Company, to a company substantially controlled by the chairman 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. totaling 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. totaling RMB 20,000 thousand (equivalent to NTD 90,700 thousand).
- (VI) On March 6, 2025, the Group's Tainergy's Board of Directors resolved to issue no more than 50 million new shares through a domestic cash capital increase a year within the resolution date of the shareholders' meeting, and authorize the Board of Directors to do so in accordance with the market situation and the Company's capital needs. New shares will be issued through a private placement.

XLI. 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 functional currency of the Group's individual entities. The disclosed exchange rate represents the exchange rate of such foreign currency to the functional currency. Information on foreign currency assets and liabilities with significant effect is as follows:
December 31, 2024

	Foreign currency (thousand)	Exchange rate	Book value
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 2,595	32.785 (USD : NTD)	\$ 85,075
USD	3,261	25,815 (USD : VND)	106,922
JPY	69,090	0.2099 (JPY : NTD)	14,503
EUR	1,981	34.14 (EUR : NTD)	67,641
RMB	20,962	4.478 (RMB : NTD)	93,868
			<u>\$ 368,009</u>
<u>Non-monetary items</u>			
VND	8,733,423	0.00127 (VND : NTD)	<u>\$ 11,091</u>
<u>Foreign liabilities</u>			
<u>Monetary items</u>			
USD	665	32.785 (USD : NTD)	\$ 21,832
USD	1,115	25,815 (USD : VND)	36,570
JPY	126,594	0.2099 (JPY : NTD)	26,572
EUR	3,480	34.14 (EUR : NTD)	118,824
RMB	7,708	4.478 (RMB : NTD)	34,515
			<u>\$ 238,313</u>

December 31, 2023

	Foreign currency (thousand)	Exchange rate	Book value
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 27,817	30.7050 (USD : NTD)	\$ 854,137
USD	7,650	24,564 (USD : VND)	234,879
VND	1,885,236	0.00125 (VND : NTD)	2,357
JPY	10,193	0.2172 (JPY : NTD)	2,214
EUR	44	33.9800 (EUR : NTD)	1,524
RMB	165,815	4.3270 (RMB : NTD)	717,483
			<u>\$ 1,812,594</u>
<u>Non-monetary items</u>			
VND	10,427,044	0.00125 (VND : NTD)	<u>\$ 13,034</u>
Foreign liabilities			
<u>Monetary items</u>			
USD	\$ 1,610	30.7050 (USD : NTD)	\$ 49,445
USD	87	7.0827 (USD : RMB)	2,672
USD	3,241	24,564 (USD : VND)	99,517
JPY	83,684	0.2172 (JPY : NTD)	18,177
EUR	3,196	33.9800 (EUR : NTD)	108,609
RMB	132,505	4.3270 (RMB : NTD)	573,349
			<u>\$ 851,769</u>

The profit and loss from exchange of foreign currency (including realized and unrealized) in 2024 and 2023 was NTD 66,549 thousand and NTD 23,491 thousand, respectively. However, it is not feasible to disclose the exchange loss and gain of each significant foreign currency because of the numerous functional currencies used by each entity of the Group and in foreign currency transactions.

XLII. Disclosures of notes

(I) Major transaction matters:

1. Loans to others. (Table 1)
2. Endorsements/guarantees for others. (Table 2)
3. Securities – ending (excluding the equity in 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. (Note 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. (Note 7)
10. Others: The business relationship and important transactions between the parent company and its subsidiaries, and between subsidiaries. (Table 6)

(II) Information about investees. (Table 7)

(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 8)
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 9)

XLIII. Segment information

(I) Basic information on operating segments

1. Classification of operating segments

The information was provided for the chief operating decision maker to distribute resources and evaluate the performance of each department. It focused on the type of each batch of products or services delivered or provided. The reportable segments of the Group are as follows:

- (1) Automation segment

Responsible for automated flow line equipment and supporting equipment for T.F.T. process equipment, semiconductor process equipment, industrial conveying machinery, and automated storage equipment; parking tower and mechanical parking equipment, incinerator and other environmental facilities; electronic anti-static products; production, sale, installation, and lease of window-cleaning equipment and hanging platforms.

- (2) Manufacture of solar power system, parts and components

Responsible for manufacture of power generation, transmission and distribution equipment as well as cable and wireless communication machines and devices.

- (3) Electronic parts and components segment

Responsible for manufacture of electronics parts and components

- (4) Other segments

Responsible for the business of solar water heater and real estate business.

2. Principles in measurement of operation segment's profits, losses, assets and liabilities

The accounting policy of the operating segments is the same as the important accounting policies stated in Note 4. The profit or loss of the Group's operating segments is measured based on the operating profit or loss controllable to the segment manager. It is used as a basis for evaluation of management performance. Debts are allocated in consideration of the capital cost and movement of funds of the Group as a whole. Since debts are not controllable by individual operating units, they are not used as a basis for evaluation of the management performance.

(II) Segment revenue and operating result

The revenue and operation outcome of the Group's continuing operations are analyzed by reportable segment as follows:

2024							
	Automation 1	Automation 2	Solar power system, parts and components	Electronic parts and components	Building (construction) materials	Other (Tai Vision, Chief Global Logistics)	Total
Revenue from external customers	\$ 1,877,019	\$ 121,874	\$ 332,669	\$ 219,017	\$ 108,453	\$ 37,993	\$ 2,697,025
Inter-segment income	188,525	123,733	-	16,908	11,426	-	340,592
Segment income	2,065,544	245,531	332,669	235,925	119,879	37,993	3,037,541
Internal write-off	(188,525)	(123,733)	-	(16,908)	(11,426)	-	(340,592)
Consolidated revenue	<u>\$ 1,877,019</u>	<u>\$ 121,874</u>	<u>\$ 332,669</u>	<u>\$ 219,017</u>	<u>\$ 108,453</u>	<u>\$ 37,993</u>	<u>\$ 2,697,025</u>
segment profit or loss	<u>\$ 53,837</u>	<u>\$ 11,137</u>	<u>(\$ 316,939)</u>	<u>(\$ 363,290)</u>	<u>\$ 203</u>	<u>(\$ 40,581)</u>	<u>(\$ 655,633)</u>
Dividend revenue							2,675
Net gains on disposal of property, plants and equipment							1,302
Disposal of investment property benefits							50,423
Share of profit or loss of affiliated companies under equity method							(14,794)
Profit or loss on valuation of financial assets measured at fair value through profit or loss							960
Net loss before tax							<u>(\$ 615,067)</u>

2023							
	Automation 1	Automation 2	Solar power system, parts and components	Electronic parts and components	Building (construction) materials	Other (Tai Vision, Chief Global Logistics)	Total
Revenue from external customers	\$ 2,619,895	\$ 227,108	\$ 2,127,837	\$ 249,071	\$ 289,627	\$ 37,952	\$ 5,551,490
Inter-segment income	163,615	220,897	2	370	-	-	384,884
Segment income	2,783,510	448,005	2,127,839	249,441	289,627	37,952	5,936,374
Internal write-off	(163,615)	(220,897)	(2)	(370)	-	-	(384,884)
Consolidated revenue	<u>\$ 2,619,895</u>	<u>\$ 227,108</u>	<u>\$ 2,127,837</u>	<u>\$ 249,071</u>	<u>\$ 289,627</u>	<u>\$ 37,952</u>	<u>\$ 5,551,490</u>
segment profit or loss	<u>\$ 231,877</u>	<u>\$ 237,767</u>	<u>\$ 116,160</u>	<u>\$ 131,194</u>	<u>\$ 7,194</u>	<u>(\$ 5,413)</u>	<u>\$ 718,779</u>
Dividend revenue							4,406
Net gains on disposal of property, plants and equipment							98
Gains on disposal of non-current assets held for sale							2,221
Share of profit or loss of affiliated companies under equity method							(15,107)
Profit or loss on valuation of financial assets measured at fair value through profit or loss							43,947
Profit before tax							<u>\$ 754,344</u>

The segment profit or loss is the earnings or loss of each segment excluding, dividend income, the portion of affiliates accounted for under the equity method, loss and gain from disposal of property, plant and equipment, loss and gain of disposal of non-current assets held for sale, and financial tool valuation gain (loss). These estimated amounts were provided for the chief operating decision maker to distribute resources to departments and evaluate their performance.

(III) Total segment assets		
Segment assets	December 31, 2024	December 31, 2023
Continuing operations		
Automation segment	\$ 7,619,759	\$ 6,549,488
Manufacture of solar power system, parts and components	714,058	1,904,291
Electronic parts and components segment	1,053,291	328,417
Building (construction) materials	225,123	-
Other segments	48,100	425,992
Total segment assets	9,660,331	9,208,188
Unallocated assets (Note)	2,247,382	2,451,840
Total consolidated assets	<u>\$ 11,907,713</u>	<u>\$ 11,660,028</u>

Note: These include financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, investment property, investments under the equity method, and deferred income tax assets.

Purpose of monitoring segment performance and distributing resources to segments:

Except for unallocated assets, all the assets are allocated to reportable segments. The assets shared by reportable segments are allocated based on the revenue of each reportable segment.

(IV) Information by territory

The Group has three main operation bases – Taiwan, China and Vietnam.

The Group's revenue of continuing operations from external clients and the non-current assets were classified respectively by operation base and location. Relevant information is listed as follows:

	Income from external clients		Non-current assets	
	2024	2023	December 31, 2024	December 31, 2023
Taiwan	\$ 2,182,646	\$ 3,095,033	\$ 4,702,453	\$ 5,122,948
USA/Canada	151,620	1,248,036	-	-
Mainland China	231,931	468,503	807,597	861,935
Hong Kong	83,859	495,009	-	-
Others	46,969	244,909	71,154	73,726
	<u>\$ 2,697,025</u>	<u>\$ 5,551,490</u>	<u>\$ 5,581,204</u>	<u>\$ 6,058,609</u>

Non-current assets do not include the financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, financial assets measured at amortized cost, investments under the equity method, and deferred income tax assets.

(V) Information about major clients

The single customer from which the income earned reached more than 10% of the Group's total income:

2024			2023		
Customer ID	Amount	Percentage in revenue %	Customer ID	Amount	Percentage in revenue %
AB company	\$ 494,879	18	CF company	\$ 753,312	14

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Loans to Others
2024

Table 1

Unit: 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. and Subsidiaries
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.	VIETNERGY 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. and Subsidiaries
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)

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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	
Kunshan Kunfu Electronic Materials Co., Ltd.	Kunshan Rural Commercial Bank Sharing – Tientienjin net worth financial commodity	"	"		2,519		2,519	
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. and Subsidiaries
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. and Subsidiaries
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: This is the amount from loaning of funds, its interest is recognized in other receivables and not incorporated in the calculation of turnover rate.

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

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
The business relationship and important transactions between the parent company and its subsidiaries, and between subsidiaries.
2024

Table 6

Unit: NTD thousand

No. (Note 1)	Name of Trader	Counterparty	Relationship with counterparty (Note 2)	Transaction			Percentage of consolidated total operating revenue or total assets (Note 3)
				Title	Amount	Trading conditions	
0	The Company	Kenmec Mecha-Tronics	1	Cost of sales	\$ 71,544	No significant difference from general manufacturers	2.65%
		Taisic Materials	1	Accounts receivable	122,519	No major difference from regular customers	1.03%
		Taisic Materials	1	Cost of sales	11,660	No significant difference from general manufacturers	0.43%
		Taisic Materials	1	Project income	139,483	No major difference from regular customers	5.17%
		Taisic Materials	1	Lease revenue	21,215	As per the lease contract	0.79%
		Chief Global Logistics	1	Project income	20,756	No major difference from regular customers	0.77%
		Chief Global Logistics	1	Lease revenue	13,520	As per the lease contract	0.50%
		Hua-Xia Construction	1	Project income	17,244	No major difference from regular customers	0.64%
1	Kenmec Mecha-Tronics	Hua-Xia Construction	1	Other receivables	100,000	Refund due to capital reduction	0.84%
		Kenmec Mechanical	2	Contract liabilities	185,935	No major difference from regular customers	1.56%
		Kenmec Mechanical	2	Project income	49,478	No major difference from regular customers	1.83%
		Automation Kunshan	3	Project income	48,561	No major difference from regular customers	1.80%
		Automation Kunshan	3	Other payables	131,083	Interest rate 3.83%	1.10%
		Automation Kunshan	3	Project cost	15,754	No significant difference from general manufacturers	0.58%
2	Automation Kunshan	Kenmec Mecha-Tronics	3	Contract liabilities	102,090	No major difference from regular customers	0.86%
3	Kentec	Kenmec Mecha-Tronics	3	Other receivables	90,106	Interest rate 3.65%	0.76%
4	KENMEC VIETNAM COMPANY LIMITED	Taisic Materials	3	Other receivables	191,264	Interest rate 2.75–2.875%	1.61%
		VIETNERGY COMPANY LIMITED	3	Lease revenue	12,774	As per the lease contract	0.47%
5	Tainergy	VIETNERGY COMPANY LIMITED	3	Cost of sales	32,395	No significant difference from general manufacturers	1.20%
		VIETNERGY COMPANY LIMITED	3	Sales revenue	57,597	No major difference from regular customers	2.14%
		Taisic Materials	3	Other receivables	321,944	Interest rate 2.95–5.00%	2.70%
		TAI VISION CO., LTD.	3	Other receivables	60,380	Interest rate 2.75–5.00%	0.51%
6	Tainergy Kunshan	Kenmec Mecha-Tronics	3	Other receivables	314,145	Interest rate 3.65%	2.64%
7	Hua-Xia Construction	Kenmec Mechanical	2	Project income	13,750	No major difference from regular customers	0.51%
		Taisic Materials	3	Other receivables	75,591	Interest rate 2.875%	0.63%

Note 1: The business transactions between the parent company and its subsidiaries shall indicated in the “No” column. This column shall be completed as follows:

- 0 is reserved for the parent company.
- Each subsidiary is numbered in sequential order starting from 1.

Note 2: The relationship with the related parties is classified into three categories, as follows. It is only necessary to mark the type. (Repeated disclosure is not necessary for the same transaction between the parent company and its subsidiaries or between the subsidiaries. In case of the transaction in the form of parent company to a subsidiary, for example, if the parent company has disclosed the transaction, the subsidiary is not necessary to disclose the same repeatedly; In case of the transaction in the form of subsidiary to subsidiary, if a subsidiary has disclosure the transaction, the other subsidiary is not necessary to disclose the same.)

1. Parent company to subsidiary

2. Subsidiary to parent company.

3. Subsidiary to subsidiary

Note 3: For calculating the percentage of the transaction amount in total consolidated operating revenue or assets, the share of the balance at ending of the period in the consolidated total assets is used as the basis of the calculation under the title of assets/liabilities; the share of the interim accumulated amount in the total consolidated operating revenue is used as the basis for the calculation under the title of profit/loss.

Note 4: Related transactions and period-end balances were removed from the consolidated financial statements.

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Name and Territory of Investees and Other Relevant Information
2024

Table 7

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	Manufacture of electronics 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)	Subsidiary
	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 7.

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

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Information on investments in Mainland China
2024

Table 8Unit: 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) (Exchange rate: 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 9

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.