Stock code: 3518

Paragon Technologies Co., Ltd.
and Its Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

2024 and 2023

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REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Paragon Technologies Co., Ltd. as of and for the year ended December 31, 2024, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Paragon Technologies Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Company Name: Paragon Technologies Co., Ltd.

Person in charge: Huang, Yi-Chun

March 13, 2025

Independent Auditors' Report

Paragon Technologies Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Paragon Technologies Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter for the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2024 is stated as follows:

Shipping Authenticity of Revenues for Some Specific Clients

Explanation of Key Audit Matters

The Company and its subsidiaries are mainly engaged in manufacturing EMI, Optoelectronic, and optical film, and research, development, manufacturing, processing and trading of machinery and equipment, and components. The 2024 recognition of operating revenue is NTD $353,985 thousand (Including operating income of 14,754 thousand for suspended units). Based on the importance and Bulletin of Standards on Auditing, the sales recognition is the significant risk. Therefore, we believe the occurrence of sales revenue of the Company and its subsidiaries for some specific clients has a significant impact on the consolidated financial statements. Thus, the shipping authenticity for revenues of some specific clients is listed as the key audit matters this year. Refer to Note 4 (16 and 27) for the explanation of sales recognition policies.

We performed the following main audit procedures:

1. Understand and test the design and implementation of internal controls related to the sales recognition of some specific clients.
2. Sample the revenue details from the above specific clients, review the supporting documentation and test the receipts to confirm that sales transactions have actually occurred.
3. Examine whether significant sales returns and allowances have occurred after the balance sheet date to confirm whether revenues from some specific clients are materially misstated.

Other Matter

We have also audited the individual financial statements of Paragon Technologies Co., Ltd. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company and its subsidiaries' financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists in the consolidated financial statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express and opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*These consolidated financial statements are translated from the traditional Chinese version and are unaudited by a CPA.

Deloitte & Toche

Accountant Weng, Bo-Ren	Accountant Yu, Meng-Kuei
Approval No. of Financial Supervision Commission	Approval No. of Financial Supervision Commission
No. Financial-Supervisory-Securities-Auditing-1010028123	No. Financial-Supervisory-Securities-Auditing-1130357402

March 13, 2025

Paragon Technologies Co., Ltd. and Its Subsidiaries

Consolidated Balance Sheets

December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023	
Codes	Assets	Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 1,069,070	49	$ 800,566	51
1110	Financial assets at fair value through profit or loss - current (Notes 4, 7 and 21)	180	-	-	-
1136	Financial assets at amortized cost - current (Notes 4, 8, 9 and 39)	227,876	10	57,544	4
1170	Accounts receivable (Notes 4, 10 and 36)	246,227	11	279,231	18
1200	Other receivables (Notes 4 and 10)	4,880	-	846	-
1220	Current tax assets (Notes 4 and 29)	9,925	1	1,460	-
130X	Inventories (Notes 4 and 11)	20,160	1	22,295	2
1429	Prepayments (Note 19)	19,139	1	20,010	1
1460	Non-current assets for sale (Notes 4 and 12)	10,132	1	-	-
1470	Other current assets (Note 19)	1,192	-	2,266	-
11XX	Total current assets	1,608,781	74	1,184,218	76
	Non-current assets				
1600	Property, plant and equipment (Notes 4 and 15)	272,987	13	257,501	16
1755	Right-of-use assets (Notes 4 and 16)	140,476	6	56,774	4
1805	Goodwill (Notes 4 and 17)	9,051	-	9,051	1
1821	Intangible assets (Notes 4 and 18)	770	-	48	-
1840	Deferred tax assets (Notes 4 and 29)	32,440	1	43,499	3
1915	Prepayment for equipment (Note 19)	83,365	4	-	-
1920	Refundable deposits (Notes 19 and 39)	17,030	1	4,565	-
1990	Other noncurrent assets (Notes 4, 19 and 25)	18,192	1	5,635	-
15XX	Total non-current assets	574,311	26	377,073	24
1XXX	Total	$ 2,183,092	100	$ 1,561,291	100
Codes	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 4, 20, 37 and 39)	$ 110,000	5	$ 190,000	12
2130	Contract liabilities (Note 27)	6	-	-	-
2170	Accounts payable (Notes 22)	4,270	-	8,578	1
2200	Other Payables (Notes 23)	113,689	5	72,461	5
2230	Current tax liabilities (Notes 4 and 29)	1,922	-	7,288	-
2250	Current provisions (Notes 4 and 24)	1,446	-	2,213	-
2280	Current lease liabilities (Notes 4 and 16)	21,321	1	14,573	1
2320	Current portion of long-term loans payable (Notes 20 and 39)	61,333	3	4,066	-
2399	Other current liabilities	567	-	422	-
21XX	Total current liabilities	314,554	14	299,601	19
	Non-current liabilities				
2530	corporate bond payable（Notes 4 and 21）	284,437	13	-	-
2540	Long-term loans (Notes 19, 36 and 38)	15,352	1	4,518	-
2550	Non-current provisions (Notes 4 and 22)	674	-	728	-
2570	Deferred tax liabilities (Notes 4 and 27)	279	-	201	-
2580	Non-current lease liabilities (Notes 4, 15, 34 and 36)	109,228	5	26,486	2
2630	Long-term deferred revenue (Notes 21 and 31)	3,979	-	3,972	-
25XX	Total non-current liabilities	413,949	19	35,905	2
2XXX	Total liabilities	728,503	33	335,506	21
	Equity attributable to owners of the Company (Notes 4, 12, 21, 26, ,32 and 34)				
	Capital stock				
3110	Common stock	969,622	44	840,422	54
3200	Capital reserve	843,454	39	697,863	45
	Accumulated deficit				
3310	Legal reserve	-	-	6,913	1
3320	Special reserve	-	-	62,223	4
3350	Accumulated deficit	(201,884)	(9)	(201,431)	(13)
3300	Total accumulated deficit	(201,884)	(9)	(132,295)	(8)
3400	Other interests	(156,603)	(7)	(180,205)	(12)
31XX	Total equity attributable to owners of the Company	1,454,589	67	1,225,785	79
3XXX	Total equity	1,454,589	67	1,225,785	79
	Total liabilities and equity	$ 2,183,092	100	$ 1,561,291	100

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

Chairman: Huang, Yi-Chun　　Manager: Yu, Hsiu-Ping　　Accounting Supervisor: Liu, Ming-Yi

Paragon Technologies Co., Ltd. and Its Subsidiaries

Consolidated Statements of Comprehensive Income

From January 1 to December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) per share)

		2024		2023	
Codes		Amount	%	Amount	%
4000	Operating Revenue (Notes 4 and 27)	$ 353,985	100	$ 372,669	100
5000	Operating costs (Notes 4,11 and 28)	(283,109)	(80)	(261,048)	(70)
5950	Gross Loss	70,876	20	111,621	30
	Operating expenses (Notes 10 and 28)				
6100	Sales and marketing expenses	(19,347)	(5)	(15,518)	(4)
6200	Administrative expenses	(123,039)	(35)	(101,948)	(27)
6300	Research and development expenses	(70,157)	(20)	(29,683)	(8)
6450	Expected credit impairment loss (reversal benefit)	(4,121)	(1)	2,989	1
6000	Total operating expenses	(216,664)	(61)	(144,160)	(38)
6900	Operating Loss	(145,788)	(41)	(32,539)	(8)
	Non-operating income and expenses (Notes 28, 31 and 33)				
7100	Interest income	13,709	4	9,841	3
7010	Other income	596	-	50,827	13
7020	Other gains and losses	2,791	1	4,358	1
7050	Finance costs	(10,018)	(3)	(4,685)	(1)
7000	Total non-operating income and expenses	7,078	2	60,341	16
7900	Income from continuing operations before income tax	(138,710)	(39)	27,802	8
7950	Total income tax expense (Notes 4 and 29)	(46,997)	(14)	(62,083)	(17)
8000	Net loss for the current period of Continuing business units	(185,707)	(53)	(34,281)	(9)
8100	Losses from closed units (Notes 4,12 and 28)	(26,388)	(7)	(15,634)	(4)
8200	Net loss for the period	(212,095)	(60)	(49,915)	(13)

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Codes		2024 Amount	2024 %	2023 Amount	2023 %
	Other comprehensive income				
8310	Not reclassified to profit or loss				
8311	Measure on defined benefit plans (Notes 4 and 25)	$ 12,764	4	$ 614	-
8349	Income tax expense related to items that will not be reclassified subsequently (Notes 4 and 29)	(2,553)	(1)	(123)	-
	Subtotal	10,211	3	491	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences resulting from translating the financial statements of foreign operations (Notes 4 and 26)	37,396	10	(22,323)	(6)
8399	Income tax related to items that may be reclassified subsequently (Notes 4, 26 and 29)	(7,479)	(2)	4,338	1
	Subtotal	29,917	8	(17,985)	(5)
8300	Other comprehensive income (net of income tax)	40,128	11	(17,494)	(5)
8500	Total comprehensive income	($ 171,967)	(49)	($ 67,409)	(18)
	Net loss attributable to:				
8610	Owner of the Company	($ 212,095)	(60)	($ 48,409)	(13)
8620	Non-controlling interests	-	-	(1,506)	-
8600		($ 212,095)	(60)	($ 49,915)	(13)
	Total comprehensive income(loss) attributable to:				
8710	Owner of the Company	($ 171,967)	(49)	($ 65,271)	(17)
8720	Non-controlling interests	-	-	(2,138)	(1)
8700		($ 171,967)	(49)	($ 67,409)	(18)
	Loss per share (Note 30)				
	From continuing operations and discontinued operations				
9750	Basic	($ 2.39)		($ 0.59)	
9850	Diluted	($ 2.39)		($ 0.59)	
	from continuing operations				
9710	Basic	($ 2.09)		($ 0.40)	
9810	Diluted	($ 2.09)		($ 0.40)	

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

Chairman: Huang, Yi-Chun Manager: Yu, Hsiu-Ping Accounting Supervisor: Liu, Ming-Yi

Paragon Technologies Co., Ltd. and Its Subsidiaries

Consolidated Statements of Changes in Equity

From January 1 to December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars
, Unless Otherwise Specified)

		Equity attributable to owners of the Company									
		Capital Stock			Retained earnings			Others			
Codes		Shares (in thousands)	Capital Stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings (accumulated deficit)	Foreign currency translation reserve	Unearned Stock-Based Employee Compensation	Non-controlling interests (Note26)	Total equity
A1	Balance, December 31, 2022	80,742	$ 807,422	$ 673,820	$ 4,129	$ 37,169	$ 27,838	($ 138,976)	$ -	$ 77,877	$ 1,489,279
	Appropriations of 2022 year's earnings										
B1	Legal reserve	-	-	-	2,784	-	(2,784)	-	-	-	-
B3	Special reserve	-	-	-	-	25,054	(25,054)	-	-	-	-
N1	Issuance of new shares with restrictions on employee rights	1,000	10,000	30,100	-	-	-	-	(30,100)	-	10,000
N1	Share-based payment arrangements	-	-	-	-	-	-	-	6,224	-	6,224
C15	Capital reserve for cash dividends	-	-	(40,371)	-	-	-	-	-	-	(40,371)
E1	Cash capital increase	2,300	23,000	34,500	-	-	-	-	-	-	57,500
D1	Total net loss of 2023	-	-	-	-	-	(48,409)	-	-	(1,506)	(49,915)
D3	Other comprehensive income of 2023	-	-	-	-	-	491	(17,353)	-	(632)	(17,494)
D5	Total comprehensive income of 2023	-	-	-	-	-	(47,918)	(17,353)	-	(2,138)	(67,409)
M5	The difference between the equity price and book value of a subsidiary company acquired or disposed	-	-	(186)	-	-	(153,513)	-	-	(24,501)	(178,200)
O1	Non-controlling interests	-	-	-	-	-	-	-	-	(51,238)	(51,238)
Z1	Balance, December 31, 2023	84,042	840,422	697,863	6,913	62,223	(201,431)	(156,329)	(23,876)	-	1,225,785
	Appropriations of 2023 year's earnings										
B1	Legal reserve	-	-	-	(6,913)	-	6,913	-	-	-	-
B3	Special reserve	-	-	-	-	(62,223)	62,223	-	-	-	-
	Other changes in capital reserves:										
C5	The convertible corporate bonds issued by the Company are recognized as a component of equity	-	-	71,620	-	-	-	-	-	-	71,620
C11	Capital reserve to make up for losses	-	-	(132,295)	-	-	132,295	-	-	-	-
E1	Cash capital increase	12,000	120,000	180,000	-	-	-	-	-	-	300,000
N1	Issuance of new shares with restrictions on employee rights	920	9,200	23,966	-	-	-	-	(23,966)	-	9,200
N1	Share-based payment arrangements	-	-	2,300	-	-	-	-	17,651	-	19,951
D1	Total net loss of 2024	-	-	-	-	-	(212,095)	-	-	-	(212,095)
D3	Other comprehensive income of 2024	-	-	-	-	-	10,211	29,917	-	-	40,128
D5	Total comprehensive income of 2024	-	-	-	-	-	(201,884)	29,917	-	-	(171,967)
Z1	Balance, December 31, 2024	96,962	$ 969,622	$ 843,454	$ -	$ -	($ 201,884)	($ 126,412)	($ 30,191)	$ -	$ 1,454,589

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

Chairman: Huang, Yi-Chun Manager: Yu, Hsiu-Ping Accounting Supervisor: Liu, Ming-Yi

Paragon Technologies Co., Ltd. and Its Subsidiaries

Consolidated Statements of Cash Flows

From January 1 to December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

Codes		2024	2023
	Cash flows from operating activities		
A00010	Pre-tax profit (loss) of continuing operations	($ 138,710)	$ 27,802
A00020	Pre-tax losses of discontinued units	(26,388)	(15,634)
A20010	Income and expense items		
A20100	Depreciation	59,998	58,733
A20200	Amortization	906	851
A20300	Expected credit loss (reversal of profit)	3,452	(6,024)
A20400	Net gain on financial assets or liabilities at fair value through profit or loss	330	(11,067)
A20900	Finance costs	10,018	4,685
A21200	Interest income	(14,842)	(10,184)
A21900	Compensation cost relating to share-based payment	19,951	6,224
A22500	Losses from disposal and retirement of property, plant and equipment	2,974	10,309
A23200	Disposed of subsidiary company gain	-	(1,260)
A23700	impairment loss and slow-moving on inventories	11,478	13,029
A29900	Reversal of liability reserves	(883)	(447)
A29900	Lease Modification Benefits	(319)	(192)
A29900	Amortization of realized long-term deferred revenue	(131)	(129)
A30000	Changes in operating assets and liabilities		
A31150	Accounts receivable	29,440	(4,753)
A31180	Other receivables	(3,773)	1,272
A31200	Inventories	(9,346)	(30,800)
A31230	Prepayments	871	(6,683)
A31240	Other current assets	1,074	725
A31990	Net defined benefit Assets	207	(14)
A32125	Increase in contract liabilities	6	-
A32150	Accounts payable	(4,308)	4,067
A32180	Other Payables	3,165	(46,746)
A32230	Other current liabilities	145	(206)
A33000	Cash outflow generated from operations	(54,685)	(6,442)
A33100	Interest received	14,581	10,524
A33300	Interest paid	(5,445)	(2,968)
A33500	Income tax paid	(59,686)	(52,543)
AAAA	Cash outflow from operating activities	(105,235)	(51,429)

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Codes		2024	2023
	Cash flows from investing activities		
B00040	Acquisition of Financial Assets Measured at Amortized Cost are Asset	($ 170,332)	($ 57,544)
B00100	Purchase of financial assets at fair value through profit or loss	-	(1,523,103)
B00200	Sale of financial assets at fair value through profit or loss	-	1,753,821
B02300	Disposal of subsidiary company	-	(49,978)
B02700	Acquisitions of property, plant and equipment	(43,169)	(69,782)
B02800	Disposal of property, plant and equipment	20,974	1,995
B03700	Increase in refundable deposits	(12,465)	-
B03800	Decrease in refundable deposits	-	1,023
B04500	Acquisition of intangible assets	(1,689)	(661)
B07100	Increase in prepayment for equipment	(83,365)	-
BBBB	Net cash inflows (outflows) from investing activities	(290,046)	55,771
	Cash flows from financing activities		
C00100	Increase in short-term loans	-	120,000
C00200	Repayments of short-term loans	(80,000)	-
C01200	Issuance of corporate bonds	353,390	-
C01600	Increase in long-term loans	100,000	-
C01700	Repayments of long-term loans	(31,899)	(3,969)
C03100	Decrease in guarantee deposit received	-	(88)
C04020	Payments of lease liabilities	(19,300)	(16,889)
C04500	Cash dividends	-	(40,371)
C04600	Proceeds from issuing shares	300,000	57,500
C04800	Issuance of new shares with restrictions on employee rights	9,200	10,000
C05400	Obtain equity in subsidiary	-	(178,200)
CCCC	Net cash inflows (outflows) from financing activities	631,391	(52,017)
DDDD	Effect of exchange rate changes on cash and cash equivalents	32,394	(37,622)
EEEE	Increase(decrease) in cash and cash equivalents	268,504	(85,297)
E00100	Cash and cash equivalents at beginning of year	800,566	885,863
E00200	Cash and cash equivalents at end of year	$ 1,069,070	$ 800,566

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

Chairman: Huang, Yi-Chun Manager: Yu, Hsiu-Ping Accounting Supervisor: Liu, Ming-Yi

Paragon Technologies Co., Ltd. and Its Subsidiaries
Notes to the Individual financial statements
From January 1 to December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company history

Paragon Technologies Co., Ltd. (hereinafter referred to as the Company, the Company and the entities controlled by the Company are referred to as the consolidated company.) is established in October 1995 in accordance with the Company Act and relevant regulations and is mainly engaged in manufacturing EMI, Optoelectronic, and optical film, and research, development, manufacturing, processing and trading of machinery and equipment, and components. After the decision of the Board of Directors, the Company merged with its 100%-owned subsidiary, Xin Ding Technology Limited, in October 2005 with October 27, 2005, as the base date for the merger. The Company is the surviving company and Xin Ding Technology Limited was dissolved as a result of the merger.

In July 2006, the Company was approved to trade its stocks in the emerging stock market by the Taipei Exchange (TPEx) in Taiwan. In November 2007, the Company's stocks ceased to be traded on the TPEx; instead, its stocks began to be traded on the Taiwan Stock Exchange.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollars.

II. Approval date and procedures of the individual financial statements

The consolidated financial statements were approved by the Board of Directors on March 12, 2025.

III. New standards, amendments and interpretations adopted

(1) Initial application of the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed and issued into effect by Financial Supervisory Commission (hereinafter referred to as the "FSC").

Except for the following, whenever applied, the initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the consolidated company's accounting policies.

1. Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent" (amended in 2020) and "Non-current Liabilities with Covenants" (amended in 2022)

The 2020 amendments clarify that for a liability to be classified as non-current, the consolidated company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights exist at the end of the reporting period, the liability is classified as non-current regardless of whether the consolidated company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the consolidated company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the consolidated company shall disclose information that enables users of financial statements to understand the risk of the consolidated company, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the consolidated company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that, at the option of the counterparty, result in its settlement by a transfer of the consolidated company's own equity instruments, and if such an option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

(2) The IFRSs endorsed by the FSC with effective date starting 2025

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments", regarding the amendment of application guidance on classification of financial assets.	January 1, 2026 (Note 2)

Note 1: Applied to annual reporting periods beginning on or after January 1, 2025. When initially applying the amendment, the comparative period shall not be restated and the effect shall be recognized in the foreign operation's exchange differences under retained earnings or equities (as appropriate), and the related affected assets and liabilities as of the date of initial application.

Note 2: Applied to annual reporting periods beginning on or after January 1, 2026. The Company may apply earlier on January 1, 2025. When initially applying the amendment, the amendment shall be applied retroactively without restatement of the comparative period, and the initial application effect shall be recognized as of the date of initial application. However, if the Company may restate without using hindsight, it may choose to restate the comparative period.

Until the date of issuance of consolidated financial statements, the estimation of above amended standards and interpretations by the consolidated company will not significantly affect the financial status and financial performance.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
"Annual Improvements to IFRSs - Volume 11"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments", regarding the amendment of application guidance on derecognition of financial liabilities.	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or	To be determined

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Contribution of Assets between an Investor and its Associate or Joint Venture”	
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
IFRS19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

1. IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 "Presentation of Financial Statements". The main amendment includes:

- Items of income and expenses included in the income statement shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The income statement shall present operating profit or loss, profit or loss before financing and taxes and totals and subtotals of profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The consolidated company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The consolidated company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The consolidated company labels items as “other” only if it cannot find a more informative label.
- Increase disclosure of performance defined by management: When the consolidated company engages in public communications outside the financial statements and communicates with users of the financial statements management's perspective on a particular aspect of the consolidated company's overall financial performance, it shall disclose the performance measurement defined by management, including a description of the measurement, how it is calculated, its reconciliation to subtotals or totals prescribed by IFRSs, and the income tax and non-controlling interests effects of related reconciliation, by a separate note in the financial statements.

Except for the above impact, as of the date the accompanying consolidated financial statements were issued, the consolidated company continues in evaluating the impact on its financial position and financial performance from the above standards or interpretations. The related impact will be disclosed when the consolidated company completes its estimation.

IV. Summary of significant accounting policies

(1) Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values and for net defined benefit liabilities that are recognized after defined benefit obligation minus fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs:

1. Level 1 Inputs: the quoted prices (unadjusted) in active markets for identical assets or liabilities that can access at the measurement date.
2. Level 2 Inputs: the inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (price) or indirectly (derived from price).
3. Level 3 inputs: the unobservable inputs for the asset or liability.

(3) Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the balance sheet date (liabilities with long-term refinancing or rearrangement of payment terms completed after the balance sheet date and before the release of the financial statements); and
3. Liabilities that do not have a substantive right to defer payment for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.The terms of the liability may be settled, at the option of the counterparty, by the transfer of equity instruments of the amalgamating company. If the amalgamating company classifies the option as an equity instrument, these provisions do not affect the classification of the liability as current or non-current.

(4) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the Company.

Refer to Note 13 and Table 4 and 5 for details of subsidiaries, shareholding percentage and main business.

(5) Business Combinations

Business combinations are handled by the acquisition method. Acquisition-related costs are recognized as expenses in the period where the costs are incurred and the services are rendered.

Goodwill is measured as the excess of the total fair value of the consideration transferred and the fair value of any previously held equity interest in the acquiree at the acquisition date, over the net identifiable assets acquired and liabilities assumed at that date.

When the consideration transferred by the consolidated company in business combination includes the assets or liabilities generated due to or from consideration, the contingent consideration is measured at fair value on the acquisition date and forms part of the transfer consideration paid for transferring the acquiree. The changes in the fair value of contingent consideration that are the adjustment in the measurement period shall retroactively adjust the acquisition cost and correspondingly adjust the goodwill. The adjustment in the measurement period is the adjustment resulting from obtaining additional information on facts and circumstances existing at the acquisition date in the "measurement period" (not exceeding 1 year from the acquisition date).

The changes in the fair value of contingent consideration that are not the adjustment in the measurement period shall be handled subsequently depending on the classification of contingent consideration. Other contingent considerations are measured at fair value at the subsequent balance sheet date and the changes in fair value are recognized in profit or loss.

If the initial accounting for a business combination is incomplete at the balance sheet date on which the combination occurs, the reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

(6) Foreign Currencies

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

On each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise, except for:

1. Foreign currency loans related to assets under construction for future production while their exchange difference is included in the cost of such assets if it adjusted the interest cost of such loans;
2. Exchange differences arising from transactions to hedge part of the foreign currency risk; and
3. Monetary items receivable from or payable to foreign operations. When the settlement is neither planned nor likely to occur in the foreseeable future (and therefore forms part of the net investment in the foreign operations), the exchange differences are recognized as other comprehensive income and are reclassified from equity to profit or loss upon disposal of the net investment.

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

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries using functional currencies which are different from the currency of the Company) are translated into NT$ using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income (and attributed to the Company's owners and non-controlling interests respectively).

On the disposal of a foreign operation (i.e., disposal of the Company's entire interest in a foreign operation, or disposal involving the loss of control over a subsidiary that includes a foreign operation, or the reserved equities are financial assets after it disposes the joint agreement of foreign operation or associates and handled by accounting policies of financial instruments), all of the exchange differences accumulated attributable to the owners of the Company and related to the foreign operations are reclassified in profit or loss.

When partial disposal of the subsidiaries of foreign operations does not result in loss of control, accumulated exchange differences belong to the non-controlling interests of the subsidiaries, but are not recognized in profit or loss. The accumulated exchange differences resulting from other disposal of the foreign operations are reclassified into profit or loss on a pro-rata basis.

(7) Inventories

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

(8) Investments in associates

An associate is an entity on which the consolidated company has significant influence and is not a subsidiary or joint venture.

The consolidated company adopts the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the consolidated company's share of the profit or loss and other income of the associate and joint venture. The consolidated company also recognizes its share in the changes in the equities of associates.

When the consolidated company's share of losses on an associate equals or exceeds its interest in the associate (including any carrying amount of the investment accounted for using the equity method and other long-term interests that, in substance, form part of the consolidated company's net investment in the associate), the consolidated company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the consolidated company has incurred legal obligations, or constructive obligations, or made payments on behalf of said associate and joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized only to the extent that the recoverable amount of the investment subsequently increases.

The consolidated company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained interest is measured at fair value, and the difference between the fair value and the carrying amount of the associate attributable to the retained interest is recognized in profit or loss of the period. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions are recognized in the consolidated financial statements only to the extent of interests in the associate that is not related to the consolidated company.

(9) Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment Property, plant and equipment loss.

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

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. When the lease term is shorter than the useful lives, it shall be depreciated within the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effects of any change in the estimates values accounted for on a prospective basis.

When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in loss or profit.

(10) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the consolidated company's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of a cash-generating unit is less than its carrying amount, the difference is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to the other assets of the cash generating unit pro rata based on the carrying amount of each asset in the cash generating unit.

Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

When an operation within cash-generating unit is disposed, the amount of goodwill related to the disposed operation is included in the carrying amount of the operation to determine the profit or loss for disposition.

(11) Intangible Assets

1. Separately acquired

   Separately acquired intangible assets with finite useful lives are first carried at cost, and at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the estimated useful lives of intangible assets. The estimated useful life, salvage value and amortization method are reviewed at the end of each year, with the effect of changes in accounting estimate values being accounted for on a prospective basis. Intangible assets with indefinite useful lives are recognized at cost less accumulated impairment loss.

2. Derecognition

   When derecognizing intangible assets, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in loss or profit.

(12) Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets (Except Goodwill)

The consolidated company estimates its property, plant and equipment, right-of-use assets and intangible assets (except goodwill) to determine whether there is any indication that those assets have suffered an impairment loss on each date of balance sheet. If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the consolidated company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

For intangible assets with indefinite useful life and not yet available for use, impairment tests are conducted every year and when there are indications of impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in profit and loss.

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment related to the contract shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years (less amortization or depreciation). A reversal of an impairment loss is recognized in profit or loss.

(13) Non-current Assets Held for Sale

The carrying amount of a non-current asset (or disposal group) is classified as held for sale when it is expected to be recovered primarily through transaction rather than through continuing use or recycling. Non-current assets (or disposal groups) in this classification must be available for immediate sale in their current state and their sale must be highly probable. A sale is highly probable when the appropriate level of management is committed to a plan to sell the asset and such transaction is expected to be completed within one year from the classification date.

If a sale results in losing control of the subsidiary, all assets and liabilities of the subsidiary are classified as held for sale, regardless of whether the non-controlling interests in the former subsidiary are retained after the sale.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of carrying amount or fair value less costs to sell, and depreciation is discontinued for such assets.

(14) Financial Instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheet when the consolidated company becomes a party to the contractual provisions of the instruments.

When financial assets and financial liabilities are initially recognised, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issue of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are also included in the amount of financial assets and financial liabilities initially recognised.

1. Financial assets

   Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

   (1) Measurement categories

   Financial assets held by the consolidated company are measured at fair value through profit or loss, and measured at amortized cost.

   A. Financial assets at fair value through profit or loss

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

   Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The dividends or interest earned on such a financial asset are recognized in other and interest income respectively. Refer to Note 37 for determination of fair value.

   B. Financial assets at amortized cost

   When the consolidated company's investments in financial assets meet the following two conditions simultaneously, they are classified as financial assets at amortized cost:

   a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
   b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

   Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, trade receivables at amortized cost) are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

   Interest income is calculated by multiplying the effective interest rate by the gross carrying amount of a financial asset, except:

   a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

b. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets.

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

(2) Impairment of financial assets

The consolidated company assesses the impairment loss of financial assets at amortized cost (including accounts receivable), and investments in debt instruments, lease receivables and contract assets at fair value through other comprehensive income, based on the expected credit loss on each balance sheet date.

Accounts receivable are recognized in allowance loss based on the lifetime expected credit losses (ECLs). Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, a loss allowance is recognized at an amount equal to 12-month ECLs. If the risks have increased significantly, a loss allowance is recognized at an amount equal to ECLs.

The ECLs refer to the weighted average credit loss with the risk of default as the weight. The 12-month ECLs represent the ECLs from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime ECLs represent the ECLs from all possible defaults in a financial instrument over the expected life of a financial instrument.

The impairment loss of all financial assets is reduced in their carrying amounts through a loss allowance account while the allowance loss of investments in debt instruments at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce their carrying amounts.

(3) Derecognizing of financial assets

The consolidated company derecognizes a financial asset when the contractual rights to the cash inflow from the financial asset expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. When derecognizing an investment in equity instrument at FVTOCI in its entirety, the cumulative profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instruments

Debt and equity instruments issued by the consolidated company are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the consolidated company are recognized at the proceeds received, net of the cost of direct issue.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. The purchase, sale, issuance, or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial Liabilities

(1) Subsequent measurement

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

(2) Derecognizing of financial liabilities

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

4. Convertible Corporate Bonds

The compound financial instrument (convertible corporate bonds) issued by the consolidated company is classified as financial liabilities and equity at initial recognition in accordance with the substance and definition of financial liabilities and equity instruments in the contractual agreement.

Upon initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments and is measured at amortized cost using the effective interest method before the conversion or maturity. Liability components that are embedded in non-equity derivatives are measured at fair value.

The conversion right classified as equity is equal to the residual amount of the fair value of the compound instruments as a whole less the fair value of the liability component determined independently. It is recognized as equity after less the income tax effect, and is not subsequently measured. When this conversion right is executed, the relevant liability component and the amount in equity will be reclassified as capital stock and capital reserve - issued at a premium. If the conversion right of convertible corporate bonds is not executed on the maturity date, the amount recognized in equity will be reclassified as capital reserve - issued at a premium.

Transaction costs related to the issuance of convertible corporate bonds are amortized to the liability (recognized in the carrying amount of liabilities) and equity components (recognized in equity) of the instrument in proportion to the total amortization.

(15) Provision for liability

The amount recognized in provision is based on the risk and uncertainty of the obligation, and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. Provision for liability is measured by the discount value of the estimated cash flow required to settle the obligation.

<u>Warranty</u>

The warranty obligation to ensure that the products meet the agreed-upon specifications is recognized as a provision in accordance with management's best estimate of the expenditure required to settle the obligation. This provision is recognized at the time the related revenue is recognized.

(16) Revenue recognition

After the consolidated company identifies its performance obligations in contracts with customers, it allocates the transaction costs to each obligation in the contracts and recognizes revenue upon completion of performance obligations.
If the consolidated company signs contracts with the same customer (or a related party of the customer) at almost the same time, the consolidated company treats them as a single contract because the goods or services promised in these contracts are a single performance obligation.
If the interval between the transfer of goods or services and the receipt of consideration is less than 1 year, the transaction price is not adjusted for significant financial components of the contract.

1. Revenue from sale of goods
   Revenue from the sale of goods comes from sales of electronic components and automotive parts. When the electronic components and automotive parts are delivered to the location designated by customers, customers have the right to determine the price and the way the products are used while bearing the main responsibility for resale and the risk of obsolescence; thus, revenue and account receivable are recognized concurrently.
   Because the ownership of processed products is still under the Company in the materials removal process, the removal of the materials is not recognized in profit or loss.
2. Revenue arising from rendering of services
   The Company provides vacuum coating service for electronic components supplied by customers, and the revenue arising from rendering of service is recognized in profit or loss gradually as the time pass. The consolidated company measures the progress based on the produced or delivered quantity.

(17) Leasing

At the inception of a contract, the consolidated company assesses whether the contract is (or contains) a lease.

1. The consolidated company as lessor
   Where almost all the risks and rewards attached to the ownership of an asset are transferred to the lessee in lease terms, such leases are classified as finance leases. All other leases are classified as operating leases.
   Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the lease terms. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.
2. The consolidated company as lessee
   The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of each lease, except for low-value asset leases and short-term leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.
   A right-of-use asset is initially measured at cost (including the initial measured amount of lease liabilities, the amount of lease payments made to the lessor less lease incentives received prior to the inception of a lease, initial direct costs, and the estimated costs of restoring underlying assets), and subsequently measured at cost less accumulated depreciation and accumulated impairment and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

A right-of-use asset is depreciated on a straight-line basis over the period from the lease commencement date to the end of its useful life, or to the end of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments (including fixed payments). If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at such an interest rate. If the interest rate cannot be easily determined, the lessee’s incremental borrowing rate applies.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. When there is a change in a lease term, the estimated amount payable under residual values guarantee, the assessment of an option to purchase an underlying asset or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the consolidated company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

If the transfer of assets in the transaction of sale and leaseback complies with the sale in IFRS 15, the consolidated company will only recognize the part transferred to the buyer in profit or loss, and amend terms of non-market conditions to measure the sales price at fair value. If the transfer of assets does not comply with the sale in IFRS 15, the reansaction is recognized as finance leases.

(18) Borrowing Costs

Borrowing costs directly attributable to an acquisition, construction, or production of qualifying assets are added to the cost of said assets, until such time as the assets are substantially ready for their intended use or sale.

The investment income, which is earned from the specific loans temporarily invested before the capital expenditure that meets the requirements, shall be deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(19) Government grants

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

Government grants related to income are recognized in the other income on a systematic basis during the periods in which the consolidated company recognizes the relevant costs, for which the grants are intended to compensate, as expenses. Government grants whose primary condition is that the consolidated company should purchase, construct or otherwise acquire noncurrent assets are recognized as deferred revenue and recognized in profit or loss over the useful lives of the related assets on a reasonable and systemic basis.

Government grants that are receivables as compensation for expenses or loss already incurred, or given to the consolidated company for the purpose of immediate financial support without relevant future costs, are recognized in profit or loss in the period in which they become receivables.

If government grants are transferred to the consolidated company in the non-monetary assets form, the grants are recognized and measured at fair value of the non-monetary assets.

The difference between the loan lower than the market rate received by the consolidated company and the fair value of the loan based on the prevailing market interest rate is recognized as government grants.

(20) Employee benefits

1. Short-term employee benefits

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

2. Post-employment benefits

   For pension under the defined contribution plan, the amount of pension contributed is recognized as expenses during employees' service period.

   The defined benefit cost under the defined benefit pension plan (including service cost, net interest, and remeasurement) is calculated based on the projected unit credit method. The service cost (including the service cost for the current and previous period) and the net interest of net defined benefit liabilities (assets) are recognized as employee benefit expenses as they occur or when the plan is revised or reduced. The remeasurement (including actuarial gains and losses and the return on plan assets, net of interest) is recognized in other comprehensive income and presented in retained earnings when it occurs, and will not be reclassified to profit or loss.

   The net defined benefit liabilities (assets) are the deficit (surplus) of the defined benefit pension plan. The net defined benefit assets may not exceed the present value of any refunds from the plan or reductions in future contributions to the plan.

3. Other long-term employee benefits

   The accounting of other long-term employee benefits is the same as the defined benefit pension plan while the relevant remeasurement is recognized in profit or loss.

4. Termination benefits

   The consolidated company recognizes termination benefits liabilities when it can no longer cancel the termination benefits agreement or when it recognizes restructuring costs (which is earlier).

(21) Share-Based Payments Agreement

<u>Restricted shares for employees granted to employees</u>

Restricted shares for employees are expensed on a straight-line basis over the vesting period, based on the fair value at the grant date and the Company's best estimate of the number expected to ultimately vest, with a corresponding increase in other equity (unearned employee benefits). The expense is recognized in full at the grant date if the grants are vested immediately.

When the Company issues restricted shares for employees, other interests (unearned employee benefits) are recognized at the grant date, and capital reserve - restricted shares for employees are adjusted accordingly. If the issue price is paid and the employees are required to return the price when they leave the Company, the Company should recognize the full amount of the price paid by the employees as payables. When the grant date is before October 10, 2024, the FSC's Q&A continues to recognize the estimated amount after considering the turnover rate as payables.

At the end of each reporting period, the consolidated company revises its estimate of the number of restricted shares for employees that are expected to vest. The impact from such revision is recognized in profit or loss so that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to Capital Reserve - restricted shares for employees.

(22) Income Tax

Income tax expenses are the sum of current and deferred income tax.

1. Current income tax

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

   According to the Income Tax Law, an additional tax on inappropriate earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

2. Deferred income tax

   Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income.

   Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized when there are likely to be taxable income to deduct temporary differences, loss carry-forwards, expenditure from purchasing machinery and equipment.

   Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the consolidated company is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. The deductible temporary differences related to said investments are recognized as deferred income tax only if it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences, and they are expected to be reversed in the foreseeable future.

   The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable income will allow all or part of the asset to be recovered.

   Deferred tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income tax

   Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are recognized in other comprehensive income or directly in equity, respectively. If the current and deferred income tax are generated from business combinations, the affected amount of income tax is included in accounting of business combinations.

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

In the application of the consolidated company's accounting policies, the management is required to make judgments, estimations, and assumptions about the relevant information that is not readily accessible from other sources based on historical experience and other relevant factors. Actual results may differ from these estimates.

When the consolidated company develops significant accounting estimates, the potential effects of inflation and fluctuations in market interest rates are considered for relevant significant accounting estimates, such as cash flow projections, growth rates, discount rates, and profitability. The management keeps reviewing estimates and underlying assumptions.

Key sources of estimation uncertainty - estimated impairment of financial assets

(1) The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The consolidated company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the consolidated company's historical experience, existing market conditions as well as forward-looking estimates. Refer to Note 8 for significant assumptions and inputs adopted. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(2) Impairment of inventory

The net realizable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs to complete and the estimated costs to sell. These estimates are based on current market status and historical sales experience of similar goods. Changes in market status could significantly affect the results of these estimates.

(3) Impairment of property, plant, equipment, and right-of-use assets

The impairment of equipment and right-of-use assets related to the Silicon Carbide Products Department is estimated based on the recoverable amount of the assets (the higher of the fair value less costs to sell and the value in use of the assets). Changes in market prices, future cash flows or discount rates will affect the recoverable amount of the assets, which may result in an impairment loss for the consolidated company.

(4) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. If actual cash flows are less than expected, or if facts and circumstances change such that future cash flows decline or the discount rate increases, an impairment loss may arise.

VI. Cash and Cash Equivalents

	December 31, 2024	December 31, 2023
Cash on hand and revolving funds	$ 622	$ 1,117
Bank check and demand deposits	788,919	565,764
Cash equivalents (investment with an original maturity less than 3 months)		
7-day notice deposits	13,434	217,411
Time deposits due within 3 months	266,095	16,274
	$1,069,070	$ 800,566

The interest rate range of bank deposit at the balance sheet date is as follows:

	December 31, 2024	December 31, 2023
Demand deposit	0.002%～1.15%	0.01%～1.45%
7-day notice deposits	0.45%	0.8%～1.1%
Time Deposits	1.35%～4.58%	5.1%～5.45%

VII. Financial instruments at fair value through profit or loss

	December 31, 2024	December 31, 2023
Mandatory measurement at fair value through profit or loss		
Convertible bonds - redemption rights (Note 21)	$ 180	$ -

VIII. Financial assets at amortized cost

	December 31, 2024	December 31, 2023
Current		
Time deposits with original maturities over 3 months	$ 227,876	$ 57,544

(1) The market rate intervals for time deposits with original maturities of more than 3 months were 1.42%~4.8% and 2.2%~5.3% per annum as of December 31, 2024 and 2023.

(2) Refer to Note 9 for information on credit risk management and impairment assessment related to financial assets at amortized cost.

(3) Refer to Note 39 for information on pledged financial assets at amortized cost.

IX. Credit risk management for debt instrument investments

The consolidated company's investments in debt instruments are financial assets at amortized cost:

December 31, 2024

	Measured at amortized cost
Total Carrying Amount	$ 227,876
Loss allowance	-
Amortized cost	$ 227,876

December 31, 2023

	Measured at amortized cost
Total Carrying Amount	$ 57,544
Loss allowance	-
Amortized cost	$ 57,544

The consolidated company's current credit risk rating mechanism is as follow:

The credit risk of bank deposits and other financial instruments is measured and monitored by the consolidated company's financial departments. Since the consolidated company's counter-parties and performing parties are banks with good credit ratings, and financial institutions and corporate organizations with investment grades or above, the consolidated company does not have any major defaults and therefore does not have significant credit risk. The consolidated company's current credit risk rating mechanism and the total carrying amounts of investments in debt instruments with different credit ratings are summarized as follows:

Credit Rating	Definition	Expected Credit Loss Recognition Basis	Expected Credit Loss Ratio	Total carrying amount as of December 31, 2024	Total carrying amount as of December 31, 2023
Normal	The debtors' credit risk is low and have sufficient ability to settle the contractual cash flows	12-month expected credit losses	0%	$ 227,876	$ 57,544

X. Trade Receivables and Other Receivables

	December 31, 2024	December 31, 2023
Trade receivables		
Carried at amortized cost		
Total carrying amount	$ 252,770	$ 282,210
Less: Allowance for impairment loss	(6,543)	(2,979)
	$ 246,227	$ 279,231
Other receivables		
Interest receivable	$ 484	$ 223
Business tax refund receivable	4,353	316
Others	43	307
	$ 4,880	$ 846

(1) Notes Receivables and Trade Receivables

Trade receivables carried at amortized cost

The consolidated company's average credit period for the sale of goods is 150 days, and no interest accrued for trade receivables during the credit period. The consolidated company adopted a policy of only dealing with counterparties rated at or above Investment-grade and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The credit rate is provided by the credit rating agency. If such information is not available, the consolidated company rate the main customers using other publicly available financial information and historical transaction records. The consolidated company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The consolidated company adopt the simplified approach of IFRS 9 to recognize allowance loss based on the lifetime expected credit losses. The expected credit losses are estimated based on the Company's provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. From the experience of credit loss, there is no significant difference in the loss patterns between customer groups, therefore, the provision matrix does not further differentiating the customer groups but only determines the expected credit loss rate based on the number of days past due on trade receivable.

If there is evidence showing that the counterparty is facing serious financial difficulties and the consolidated company cannot reasonably foresee the recoverable amount, e.g. the counterparty is under liquidation or the debts are not paid for over 360 days, the consolidated company directly writes off the trade receivables and will continue the collection while the collected amount will be recognized in profit or loss.

The following table details the loss allowance of notes receivables and trades receivables based on the consolidated company's provision matrix.

December 31, 2024

	0~90 days	91~180 days	180~360 days	More than 361 days	Total
Expected credit loss rate	0%～0.83%	0.20%～1.67%	34.12%～82.35%	100%	
Total carrying amount	$ 167,080	$ 79,238	$ 4,039	$ 2,413	$ 252,770
Loss allowance (Lifetime ECL)	(1,116)	(878)	(2,136)	(2,413)	(6,543)
Amortized cost	$ 165,964	$ 78,360	$ 1,903	$ -	$ 246,227

December 31, 2023

	0~90 days	91~180 days	180~360 days	More than 361 days	Total
Expected credit loss rate	0%～0.6%	0.14%～1.39%	14.44%～61.69%	100%	
Total carrying amount	$ 205,477	$ 73,417	$ 1,974	$ 1,342	$ 282,210
Loss allowance (Lifetime ECL)	(729)	(178)	(730)	(1,342)	(2,979)
Amortized cost	$ 204,748	$ 73,239	$ 1,244	$ -	$ 279,231

The following table details the loss allowance of trade receivables:

	2024	2023
Balance at January 1	$ 2,979	$ 9,237
Add: Impairment loss of the period	3,452	-
Less: Reversal impairment loss of the period	-	(6,024)
Exchange differences from foreign currency	112	(234)
Balance at December 31	$ 6,543	$ 2,979

(2) Other receivables

There is no interest accrued for other receivables. When determining the receivability of other receivables, the consolidated company considers any changes in the credit quality of other receivables between the original credit grant date and balance sheet date. Based on the experience indicating that other receivables outstanding for more than 360 days are unlikely to be collected, the consolidated company recognizes 100% allowance for bad debts for other receivables outstanding for over 360 days. For other receivables outstanding between 0 and 360 days, the allowance for bad debts is estimated based on the past payment records and the current financial status of the counterparties.

As of the balance sheet date of December 31, 2024 and 2023, the consolidated company did not recognize any other receivables that were overdue but not yet recognized as the allowance for bad debts.

XI . Inventories

	December 31, 2024	December 31, 2023
Raw materials	$ 16,864	$ 17,274
Work-in-process	245	1,591
Finished goods	3,051	3,430
	$ 20,160	$ 22,295

The natures of the sales cost are as follows:

	2024	2023
Cost of inventories sold	$ 291,428	$ 267,386
impairment loss on inventories	11,478	13,029
Less: Discontinued Operations Segment	(19,797)	(19,367)
	$ 283,109	$ 261,048

XII . Non-current Assets Held for Sale and Disposal Groups Held for Sale

(1) Discontinued operations

The consolidated company's Board of Directors resolved on September 18, 2024, to have its subsidiary, Essence International Investment Limited, sell its 100% of the shares of Paragon (Suzhou) Technology LTD. (hereinafter referred to as Paragon (Suzhou) Company). On September 24, 2024, the consolidated company entered into a contract for the disposal of a subsidiary, Paragon (Suzhou) Company. Since the disposal price was agreed to be no less than RMB56 million, which exceeded the carrying amount of the related net assets, no impairment loss should be recognized for these units when they are classified as held for sale.

Since the above transaction has met the requirements of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, the disposal asset was reclassified as a non-current asset held for sale. The non-current asset held for sale meets the definition of a discontinued operation and is presented as a discontinued operation. To match the presentation of the discontinued operations in the 2024 Statements of Comprehensive Income, the consolidated company reclassified the profit and loss item of 2023 discontinued operations to make the comprehensive income for both periods more relevant.

The details of the profit or loss and cash flows of the discontinued operations are as follows:

	2024	2023
Operating Revenue	$ 14,754	$ 9,904
Operating costs	(19,797)	(19,367)
Gross Loss	(5,043)	(9,463)
Sales and marketing expenses	(3,701)	(4,302)
Administrative expenses	(24,474)	(13,306)
Reversal of Expected Credit Losses	669	3,035
Operating Loss	(32,549)	(24,036)
Interest Income	1,133	343
Other Income	5,579	5,507
Other Gains and Losses	(551)	2,552
Loss Before Tax	(26,388)	(15,634)
Income Tax Expense	-	-
Loss from Discontinued Operations	($ 26,388)	($ 15,634)
Loss from Discontinued Operations Attributable to:		
Owners of the Parent	($ 26,388)	($ 15,634)
Non-controlling Interests	-	-
	($ 26,388)	($ 15,634)
Cash Flows		
Operating Activities	$ 34,894	$ 34,304
Investing Activities	(65,938)	52,070
Financing Activities	(134,340)	-
Net Cash (Inflow) / Outflow	($ 165,384)	$ 86,374

There were no income tax losses or benefits resulting from the benefit (loss) of the discontinued operations.

(2) Non-current assets held for sale

	December 31, 2024	December 31, 2023
Non-current Assets Held for Sale	$ 10,132	$ -

The consolidated company's Board of Directors resolved on September 18, 2024, to have its subsidiary, Essence International Investment Limited, sell its 100% of the shares of Paragon (Suzhou) Company. Its assets have been reclassified as non-current assets held for sale and are presented separately in the Consolidated Balance Sheet. The major categories of assets and liabilities held for sale are as below:

	December 31, 2024	December 31, 2023
Property, Plant and Equipment	$ 4,952	$ -
Right-of-Use Assets	5,140	-
Intangible Assets	40	-
	$ 10,132	$ -

Since the selling price of the non-current assets held for sale is expected to exceed the carrying amount of the related net assets, no impairment loss should be recognized for these units when they are classified as non-current assets held for sale.

XIII. Subsidiary

(1) Subsidiaries included in the consolidated financial statements

The information of the subsidiaries was as follows:

Investor	Subsidiaries	Main Businesses and Products	Functional currency	Percentage of ownership December 31, 2024	Percentage of ownership December 31, 2023	Note
The Company	Macro Sight International Co., Ltd. (hereinafter referred to as the MSI Company)	Reinvestment	RMB	100	100	—
The Company	Jing Cheng Material Co., Ltd. (hereinafter referred to as Jing Cheng Company)	Supply of silicon carbide technology and materials	NTD	100	100	1
MSI Company	Macro Sight Technology Limited (hereinafter referred to as MST Company)	Reinvestment	RMB	100	100	—
MSI Company	Clear Smart Investments Limited (hereinafter referred to as CSI Company)	Reinvestment	RMB	-	100	2
MSI Company	Paragon Technology Investments Limited.. (hereinafter referred to as Paragon Investments Company)	Reinvestment	RMB	100	100	—
MSI Company	Precise International Investment Limited. (hereinafter referred to as Precision International Company)	Reinvestment	RMB	100	100	—
MST Company	Essence International Investment Limited (hereinafter referred to as Essence International Company).	Reinvestment	RMB	100	100	—
CSI Company	Paragon (Kunshan) Technology Co., Ltd. (hereinafter referred to as Paragon (Kunshan)Company)	EMI processing	RMB	-	100	2
Paragon Investments Company	Zhejiang Paragon Technology Co., LTD. (hereinafter referred to as Zhejiang Paragon Company)	Sputter coated automotive parts	RMB	50.1	71.43	3
Essence International Company	Paragon (Suzhou) Technology LTD. (hereinafter referred to as Paragon (Suzhou) Company)	EMI processing	RMB	100	100	—
Essence International Company	Paragon (Jiangsu) Technology Co., LTD. (hereinafter referred to as Paragon (Jiangsu)Company)	EMI processing	RMB	100	80	4
Paragon (Suzhou) Company	Paragon (Jiangsu) Technology Co., LTD. (hereinafter referred to as Paragon (Jiangsu)Company)	EMI processing	RMB	-	20	4
Paragon (Suzhou) Company	Zhejiang Paragon Technology Co., LTD. (hereinafter referred to as Zhejiang Paragon Company)	Sputter coated automotive parts	RMB	49.9	28.57	3
Precise International Company	Paragon (Neijiang) Technology Co., LTD. (hereinafter referred to as Paragon (Neijiang) Company)	EMI processing	RMB	100	100	—
Paragon (Jiangsu)Company	Baiji (Suzhou) Technology Co., Ltd.	Sputtering equipment after-sales service and equipment parts sales	RMB	100	-	5

Note:

1. The Company purchased the shares of Jing Cheng Company from non-controlling shareholders for a total of $178,200 thousand on July 5, 2023, July 20, 2023, and August 17, 2023, resulting in an increase in the shareholding from 70.3% to 79.7%, 94.45%, and 100%. The Company participated in the capital increase of Jing Cheng Company and increased the investment amount by $600,000 thousand and $80,000 thousand respectively on August 9, 2024 and November 15, 2023.
2. Paragon (Kunshan) Company is 100% owned by CSI Company, the Company's reinvestment company, which was established in 2007 March. Its main business is EMI processing and has been approved to be dissolved on April 23, 2024. Its holding company, CSI Company, has been approved to be dissolved on August 19, 2024.
3. In response to the adjustment of the Group's investment structure, the Board of Directors resolved on August 9, 2024, that Paragon (Suzhou) Company increase its investment in Zhejiang Junsheng Company by US$14,900 thousand, which resulted in the increase of Paragon (Suzhou) Company's shareholding in Zhejiang Junsheng Company from 28.57% to 49.9%, and the decrease of Paragon Investments Company's shareholding in Zhejiang Junsheng Company from 71.43% to 50.1%.

4. In response to the adjustment of the Group's investment structure, the Board of Directors resolved on August 9, 2024, that Paragon (Jiangsu) Company return the entire shareholding of Paragon (Suzhou) Company by reducing the capital, which resulted in the increase of Essence International Investment Limited's shareholding in Paragon (Jiangsu) Company from 80% to 100%.
5. Paragon (Jiangsu) Company invested RMB6,500 thousand in August 2024 to establish Patting (Suzhou) Company with a 100% shareholding.
6. Considering the Group strategy, the Board of Directors resolved on November 8, 2023, to liquidate and dissolve Leading Profit Holding Limited, and the dissolution was approved on January 8, 2024. Refer to Note 31, disposal subsidiaries, for the disclosure of the Company's disposal of Leading Profit Holding Limited.

(2) Subsidiaries not included in the consolidated financial statements: None.

(3) Subsidiaries with significant non-controlling interests: None.

XIV. Investments accounted for using equity method

(1) Investments in associates

	December 31, 2024	December 31, 2023
Associates that are not individually material		
Cubee auto parts inc.	$ -	$ -

Refer to Table 4 “Information on Investees” of Note 43 for the nature of activities, principal places of business and countries of incorporation of the associates.

The consolidated company invested Cubee auto parts inc. on December 31, 2024 and 2023 and the percentage of ownership is 50%. However, as the composition of the board of directors is controlled by other shareholders under the shareholders' agreement, the consolidated company does not have control over Cubee auto parts inc. Management of the consolidated company considers it has significant influence on Cubee auto parts inc. and lists it as an associate.

The above associates are accounted for using equity method. The summarized financial information of the Company's associates hereunder was prepared on the grounds of IFRSs consolidated financial statements by the associates with the adjustment already reflected at the time of equity method.

(2) Associates that are not individually material

	2024	2023
The consolidated company’s share of:		
Loss from continuing operations for the period	$ -	$ -
Total comprehensive income (loss)	$ -	$ -

The consolidated company discontinues recognizing the specific associates' share of further losses accounted for using equity method. When the consolidated company recognizes the associates' share of further losses, it considers the carrying amount of the equity investments in the associates and the long-term receivables that are essentially part of the investments in the associates. The recognized loss is not limited to the carrying amount of the equity investments in the associates. The unrecognized loss of the year and the unrecognized cumulative loss of the associates excerpted from their relevant financial statements are as follows:

	2024	2023

Amount of the year	$ 10	($ 188)
Cumulative amount	($ 299)	($ 309)

XV. Property, Plant and Equipment

	December 31, 2024	December 31, 2023
Assets used by the Company	$ 272,987	$ 251,141
Assets subject to operating leases	-	6,360
	$ 272,987	$ 257,501

(1) Assets used by the Company

	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in progress	Total
Cost							
Balance, January 1, 2024	$ 209,195	$ 1,044,789	$ 2,265	$ 27,940	$ 21,883	$ 14,176	$ 1,320,248
Reclassified to assets held for sale	(40,093)	(17,949)	-	-	-	-	(58,042)
Additions	4,920	13,310	-	2,282	9,735	50,558	80,805
Disposal of assets	-	(517,096)	(2,325)	(8,603)	(9,049)	-	(537,073)
Effect of exchange difference	6,713	62,115	60	444	96	280	69,708
Reclassifications	-	11,411	-	-	1,564	(12,975)	-
Balance, December 31, 2024	$ 180,735	$ 596,580	$ -	$ 22,063	$ 24,229	$ 52,039	$ 875,646
Accumulated depreciation and impairment							
Balance, January 1, 2024	$ 131,387	$ 898,863	$ 2,265	$ 25,685	$ 10,907	$ -	$ 1,069,107
Reclassified to assets held for sale	(40,076)	(17,361)	-	-	-	-	(57,437)
Depreciation	6,400	28,281	-	1,275	3,033	-	38,989
Disposal of assets	-	(493,428)	(2,325)	(8,566)	(8,806)	-	(513,125)
Effect of exchange difference	4,062	59,941	60	421	641	-	65,125
Balance, December 31, 2024	$ 101,773	$ 476,296	$ -	$ 18,815	$ 5,775	$ -	$ 602,659
Balance, December 31, 2024	$ 78,962	$ 120,284	$ -	$ 3,248	$ 18,454	$ 52,039	$ 272,987

	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in progress	Total
Cost							
Balance, January 1, 2023	$ 213,111	$ 1,165,334	$ 2,295	$ 32,264	$ 28,127	$ 50,124	$ 1,491,255
Additions	-	55,400	-	1,630	7,444	6,660	71,134
Disposal of assets	-	(204,735)	-	(5,725)	(15,608)	(4,069)	(230,137)
Effect of exchange difference	(3,916)	(32,199)	(30)	(229)	(52)	(65)	(36,491)
Reclassifications	-	60,989	-	-	1,972	(38,474)	24,487
Balance, December 31, 2023	$ 209,195	$ 1,044,789	$ 2,265	$ 27,940	$ 21,883	$ 14,176	$ 1,320,248
Accumulated depreciation and impairment							
Balance, January 1, 2023	$ 129,254	$ 1,105,854	$ 2,205	$ 30,489	$ 25,228	$ -	$ 1,293,030
Depreciation	4,581	31,999	90	1,144	1,257	-	39,071
Disposal of assets	-	(196,534)	-	(5,726)	(15,573)	-	(217,833)
Effect of exchange difference	(2,448)	(42,456)	(30)	(222)	(5)	-	(45,161)
Balance, December 31, 2023	$ 131,387	$ 898,863	$ 2,265	$ 25,685	$ 10,907	$ -	$ 1,069,107
Balance, December 31, 2023	$ 77,808	$ 145,926	$ -	$ 2,255	$ 10,976	$ 14,176	$ 251,141

The depreciation is calculated on a straight-line basis over the following estimated useful life:

Buildings	
Main building of the plant	20~30 years
Plant decoration	10 years
Others	3~5 years
Machinery and Equipment	2~10 years
Transportation Equipment	10 years

Office Equipment	3~6 years
Other Equipment	2~9.8 years

(2) Assets subject to operating leases

	Buildings
Cost	
Balance, January 1, 2024	$ 56,387
Reclassified to assets held for sale	(58,941)
Effect of exchange difference	2,554
Balance, December 31, 2024	$ -
Accumulated depreciation and impairment	
Balance, January 1, 2024	$ 50,027
Reclassified to assets held for sale	(54,594)
Depreciation	2,260
Effect of exchange difference	2,307
Balance, December 31, 2032	$ -
Net, December 31, 2024	$ -
Cost	
Balance, January 1, 2023	$ 57,443
Effect of exchange difference	(1,056)
Balance, December 31, 2023	$ 57,443
Accumulated depreciation and impairment	
Balance, January 1, 2023	$ 47,973
Depreciation	2,982
Effect of exchange difference	(928)
Balance, December 31, 2023	$ 50,027
Net, December 31, 2023	$ 6,360

The consolidated company may lease the plant for operation with leases term of 5 years and options to extend lease term for 3 years. All the operating leases contract include the terms that the lease payment will be adjusted based on market conditions when exercising the renewal right. The Company does not have bargain purchase options to acquire the assets at the end of the lease terms.

The total rental income from operating lease in the future is as follows:

	December 31, 2024	December 31, 2023
First year	$ -	$ 5,172
Second year	-	-
	$ -	$ 5,172

The depreciation is calculated on a straight-line basis over the following estimated useful life:

Buildings	
Plant	12 years

XVI. Lease arrangements

(1) Right-of-use assets

	December 31, 2024	December 31, 2023
Carrying amounts		
Land	$ 11,396	$ 16,420

Buildings	128,380	37,831
Machinery and Equipment	-	2,523
Transportation Equipment	700	-
	$ 140,476	$ 56,774

	2024	2023
Additions to right-of-use assets	$ 118,263	$ -
Reclassified to assets held for sale (Note12)	$ 5,140	$ -
Depreciation of right-of-use assets		
Land	$ 406	$ 448
Buildings	17,731	15,475
Machinery and Equipment	379	757
Transportation Equipment	233	-
Less: Discontinued Operations Segment	(143)	(189)
	$ 18,606	$ 16,491

Due to the early termination of lease contracts, which resulted in a decrease of $11,786 thousand and $12,105 thousand in the right-of-use assets and lease liabilities, respectively, the consolidated company had a lease modification benefit of $319 thousand in 2024.

Due to the early termination of lease contracts, which resulted in a decrease of $5,569 thousand and $5,761 thousand in the right-of-use assets and lease liabilities, respectively, the consolidated company had a lease modification benefit of $192 thousand in 2023.

Except for the recognition of depreciation and reclassification to non-current assets held for sale, the consolidated company's right-of-use assets were not significantly subleased or impaired in 2024 and 2023.

(2) Lease liabilities

	December 31, 2024	December 31, 2023
Carrying amounts		
Current portion	$ 21,321	$ 14,573
Non-current portion	$ 109,228	$ 26,486

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2024	December 31, 2023
Buildings	2.4%～4%	2.2%～4.7%
Machinery and Equipment	-	1.75%
Transportation Equipment	2.575%	-

(3) Important leasing activities and terms

The consolidated company leases lands and buildings for the use of plants and offices with lease terms of 3 to 50 years. The consolidated company does not have priority purchase options to acquire the leasehold lands and buildings at the end of the lease terms.

(4) Other lease information

	2024	2023
Expenses relating to short-term leases	$ 2,250	$ 2,273
Total cash outflow for leases	($ 21,550)	($ 19,162)

The consolidated company decided to exempt the short-term leases of office equipment and transportation equipment and certain office equipment leases with low value. Therefore, the related right-of-use assets and lease liabilities for such leases are not recognized.

As of December 31, 2024 and 2023, all lease commitments signed by the consolidated company do not include lease agreements that commence after the balance sheet dates.

XVII. Goodwill

	2024	2023
Cost		
Balance at January 1	$ 9,051	$ 9,051
Gain from business combinations of the year	-	-
Balance at December 31	$ 9,051	$ 9,051

The consolidated company's goodwill of $9,051 thousand mainly derived from the control premium was generated from the acquisition of Jing Cheng Material Co., Ltd. on August 17, 2022. In conducting impairment testing, the goodwill is only related to a cash-generating unit of Jing Cheng Company. Therefore, the impairment of goodwill is evaluated by comparing the recoverable amount of the Jing Cheng Company with its carrying amount to determine whether impairment should be recognized.

2023

In estimating the impairment of goodwill for 2023 in the consolidated statements, the recoverable amount of goodwill was determined based on the value-in-use, and was calculated based on the cash flow estimation of future financial budgets approved by the management of the consolidated company, using an annual discount rate of 14.23% in 2023. The management's financial estimate for the cash-generating unit is longer than 5 years because the plant expansion is still processing during the financial forecast period and production is expected to start in 2026, and the financial forecast period will not become robust until 2032, so the financial forecast period for the cash flow is evaluated until 2032. For the period beyond that, it is assumed to be a going concern, and the growth rate during the going concern period is estimated to be 3.00%. Key assumptions used by management in developing future financial budgets, such as projected future operating revenues and earnings growth rates, are made with reference to historical financial information, including the subject company and sampling peer group, and are adjusted base on sales and market trends and operating decisions related to the cash-generating unit.

2024

In estimating the impairment of goodwill for 2024 in the consolidated statements, the recoverable amount of goodwill was determined based on the value-in-use, and was calculated based on the cash flow estimation of future financial budgets approved by the management of the consolidated company, using an annual discount rate of 12.65% in 2024. The management's financial estimate for the cash-generating unit is longer than 5 years because the plant expansion is still processing during the financial forecast period and production is expected to start in 2026, and the financial forecast period will not become robust until 2032, so the financial forecast period for the cash flow is evaluated until 2032. For the period beyond that, it is assumed to be a going concern, and the growth rate during the going concern period is estimated to be 3.00%. Key assumptions used by management in developing future financial budgets, such as projected future operating revenues and earnings growth rates, are made with reference to historical financial information, including the subject company and sampling peer group, and are adjusted base on sales and market trends and operating decisions related to the cash-generating unit.

Through the evaluation, the recoverable amount of Jing Cheng Material Co., Ltd. for 2024 and 2023 was greater than the carrying amount, therefore, no impairment loss was recognized.

Management believes that any reasonably possible change in the critical assumptions underlying the recoverable amounts would not cause the total carrying amount of the cash-generating units to exceed the total recoverable amount.

XVIII. OTHER INTANGIBLE ASSETS

	Patents	Others	Total
Cost			
Balance, January 1, 2024	$ 223	$ 23,576	$ 23,799
Separately acquired	-	1,689	1,689
Reclassified to assets held for sale	-	(127)	(127)
Net exchange difference	-	803	803
Balance, December 31, 2024	$ 223	$ 25,941	$ 26,164
Accumulated amortization			
Balance, January 1, 2024	$ 223	$ 23,528	$ 23,751
Amortization	-	906	906
Reclassified to assets held for sale	-	(87)	(87)
Net exchange difference	-	824	824
Balance, December 31, 2024	$ 223	$ 25,171	$ 25,394
Net, December 31, 2024	$ -	$ 770	$ 770
Cost			
Balance, January 1, 2023	$ 223	$ 22,971	$ 23,194
Separately acquired	-	661	661
Net exchange difference	-	(56)	(56)
Balance, December 31, 2023	$ 223	$ 23,576	$ 23,799
Accumulated amortization			
Balance, January 1, 2023	$ 223	$ 22,740	$ 22,963
Amortization	-	851	851
Net exchange difference	-	(63)	(63)
Balance, December 31, 2023	$ 223	$ 23,528	$ 23,751
Net, December 31, 2023	$ -	$ 48	$ 48

Amortization of the above intangible assets with finite useful lives is recognized using the straight-line method over the following useful lives:

Patents	10 years

Other intangible assets	1~10 years

Summary of amortization by function：

	2024	2023
Operating costs	$ 84	$ 25
Sales and marketing	10	2
General and administrative	732	822
R&D expenses	80	2
	906	851
Less: Discontinued Operations Segment	(19)	(25)
	$ 887	$ 826

XIX. OTHER ASSETS

	December 31, 2024	December 31, 2023
Current portion		
Prepayments - current (1)	$ 19,139	$ 20,010
Other current assets		
Others	1,192	2,266
	$ 20,331	$ 22,276

	December 31, 2024	December 31, 2023
Non-current portion		
Prepayment for equipment (2)	$ 83,365	$ -
Refundable deposits (3)	17,030	4,565
Other noncurrent assets		
Net defined benefit asset (Note 25)	14,742	2,185
Others	3,450	3,450
	18,192	5,635
	$ 118,587	$ 10,200

(1) Prepayments - current

Prepayments of the Consolidated Company - Current mainly include retained tax credits of business tax or value-added tax and prepaid expenses, etc.

(2) Prepayment for equipment - non-current

Prepayment for equipment - non-current of the consolidated company is the prepayment based on the procurement agreement when purchasing property, plant and equipment to produce goods or labor services.

(3) Refundable deposits

It was mainly the pledge of $10,500 thousand as collateral for the long-term loan for equipment financing that Jing Cheng Company had obtained on April 1, 2024 from Chailease Finance Co., Ltd.

XX. Loans

(1) Short-term loans

	December 31, 2024	December 31, 2023
Secured loans (Note 39)		
Loans from bank	$ 30,000	$ 10,000
Unsecured loans		
Line of credit	80,000	180,000
	$ 110,000	$ 190,000

Interest rate of revolving loans was 2.13%~2.425% on December 31, 2024, and 1.8%~2.52% on December 31, 2023.

Refer to Notes 39 for the consolidated company's pledge for short-term loans.

(2) Long-term loans

	December 31, 2024	December 31, 2023
Secured loans (Note 39)		
Other loans -Chailease Finance Co., Ltd	$ 47,164	$ -
Unsecured loans		
Loans from bank - First Commercial Bank	4,521	8,584
Loans from bank - The Shanghai Commercial & Savings Bank, Ltd.	25,000	-
Subtotal	29,521	8,584
	76,685	8,584
Less: Current portion of long-term loans payable	(61,333)	(4,066)
	$ 15,352	$ 4,518

The consolidated company obtained newly appropriated loans amounting to $30,000 thousand and $70,000 thousand in 2024, with floating interest rates of 2.72% and fixed interest rates of 4.304%, respectively, which were amortized over 36 months and 18 months, respectively.

The consolidated company's borrowings amounting to $76,685 thousand and $8,584 thousand as of December 31, 2024 and 2023, respectively, with interest rates ranging from 2.575% to 4.304% and 2.45%, respectively, and the principal and interest are amortized over 18 to 60 months, respectively, from the date of the borrowings.

Refer to Note 39 for the consolidated company's pledge for long-term loans。

XXI. CONVERTIBLE CORPORATE BONDS PAYABLE

	December 31, 2024	December 31, 2023
Domestic Secured Convertible Corporate Bonds	$ 284,437	$ -
Less: Current portion	-	-
	$ 284,437	$ -

The Company issued 3 thousand units of secured convertible corporate bonds denominated in New Taiwan dollars with 0% interest rate on August 15, 2024. The total principal was $300,000 thousand, and the period of issuance was from August 15, 2024, to August 15, 2027.

Each unit of corporate bonds has the right to be converted into common shares of the Company at $35 per share. The conversion period is from November 16, 2024 to August 15, 2027. If the corporate bonds meet the agreed conditions at the time, they will be converted at $35 per share.

The convertible corporate bonds were issued from November 16, 2024 to July 6, 2027. If the closing price of the Company's common share exceeds the conversion price of the corporate bonds by 30% for 30 consecutive business days, the Company may repurchase the bonds within the following 30 business days. If the outstanding balance of the corporate bonds is less than 10% of the total face value, the Company may repurchase the bonds at any time thereafter.

These convertible corporate bonds consist of liability and equity components, and the equity component is expressed as capital reserve - share rights under equity. The effective interest rate initially recognized for the liability component was 2.05%.

Changes to master deed debt instrument are as below:

	Amount
Issue price, August 15, 2024 (net of transaction costs of $2,500 thousand)	$353,390
Derivatives of Redemption Rights	510
Equity component (net of transaction costs of $500 thousand amortized to equity)	(71,620)
Liability component at issuance date (net of transaction costs of $2,000 thousand amortized to liabilities)	282,280
Interest at effective interest rate of 2.05%	2,157
Liability component, December 31, 2024	$284,437

Changes in the derivatives of redemption rights from August 15, 2024 (the issuance date of the first domestic secured convertible corporate bonds) to December 31 are as below:

	2024
Issuance date	$ 510
Loss from changes in fair value	(330)
Balance, December 31, 2024	$ 180

Changes in the conversion rights of equity components (under capital reserve) are as below:

	2024
Issuance date and balance, December 31, 2024	$ 71,620

Refer to Note 39 for the consolidated company's pledge to issue convertible corporate bonds.

The holders of the first domestic secured convertible corporate bonds had not yet exercised their conversion rights until December 31, 2024.

XXII. Accounts payable

	December 31, 2024	December 31, 2023
Accounts payable		
Non-related parties - operating	$ 4,270	$ 8,578

Accounts payable

The average credit period for accounts payable ranges from 90 days to 150 days. The consolidated company has financial risk management policies to ensure that all accounts payable are repaid within the pre-agreed credit period.

XXIII. Other liabilities

	December 31, 2024	December 31, 2023
Other Payables		
Salaries and incentive bonus	$ 35,135	$ 32,711
Payables for annual leave	2,954	2,663
Payables on equipment	40,423	2,787
Payables for labor costs	1,686	1,140
Payables for auxiliary materials and consumables	11,280	11,655
Payables for Utility bills	4,758	3,516
Payables for business expanding expenses	-	3,894
Others	17,453	14,095
	$ 113,689	$ 72,461

XXIV. Provision for liability

	December 31, 2024	December 31, 2023
Current portion		
Warranty (2)	$ 1,446	$ 2,213
Non-current portion		
Employee benefits (1)	$ 674	$ 728

(1) Provision for liability of employee benefits is employee death benefits from the consolidated company. The employee pension plan adopted by the consolidated company is other long-term benefits plan and the pension is calculated based on the fixed pay when the employee dies.

(2) Provision for warranty liabilities is based on the commodity sales contract and is the best estimate by the consolidated company's management on the outflow of future economic benefits due to warranty obligations. The estimate is based on the historical warranty experience and adjusted due to concerns about new raw materials, changes in process or other matters that affect product quality.

	2024	2023
Balance at January 1	$ 2,213	$ 3,088
Allowance for the period	-	211
Reversal for the period	(829)	(622)
Net exchange difference	62	(464)
Balance at December 31	$ 1,446	$ 2,213

XXV. Post-employment benefits plans

(1) Defined contribution plans

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

The employees hired by the consolidated company's subsidiaries in mainland China area adopt pension plans operated by the local governments. The subsidiaries shall allocate specific ratio of salary costs to the pension plans to provide funds to the plans. The obligation of the consolidated company to these government-operated pension plans is limited to allocating a specific amount.

(2) Defined benefit plan

The pension plan under the Labor Pension Act (LPA) adopted by the Company of the consolidated company is the defined benefit plan. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes an amount, which equals to 2% of each employee' total monthly salary and wage, which is deposited by the Pension Fund Monitoring Committee in the pension account with the Bank of Taiwan in the name of the committee. Before the end of each year, if the balance in the pension account assessed is inadequate to pay for the retirement benefits for employees who meet the retirement requirements in the following year, the Company will contributes an amount to make up for the difference in a lump sum by the end of March of the following year. The pension account is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the consolidated company has no right to influence the investment management strategy.

The amounts included in the consolidated balance sheets in respect of the defined benefit plan are as follows:

	December 31, 2024	December 31, 2023
Defined benefit obligation	$ 5,070	$ 15,940
Fair value of plan assets	(19,812)	(18,125)
Net defined benefit liability (asset)	($ 14,742)	($ 2,185)

Movements in net defined benefit liability (asset) are as follows:

	Present value of funded defined benefit obligation	Fair value of plan assets	Net defined benefit Liabilities (assets)
January 1, 2023	$ 15,948	($ 17,505)	($ 1,557)
Service cost			
Current service cost	253	-	253
Interest expense (income)	180	(200)	(20)
Recognized in profit or loss	433	(200)	233
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(173)	(173)
Actuarial (gain) loss - changes in financial assumptions	(121)	-	(121)
Actuarial (gain) loss - experience adjustments	(320)	-	(320)
Recognized in OCI	(441)	(173)	(614)
Contributions from the employer	-	(247)	(247)
December 31, 2023	$ 15,940	($ 18,125)	($ 2,185)
January 1, 2023	$ 15,940	($ 18,125)	($ 2,185)
Service cost			
Current service cost	252	-	252
Settlement of losses (gain)	(17)	-	(17)
Interest expense (income)	199	(227)	(28)
Recognized in profit or loss	434	(227)	207
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,607)	(1,607)
Actuarial (gain) loss - changes in financial assumptions	(186)	-	(186)
Actuarial (gain) loss - experience adjustments	(10,971)	-	(10,971)
Recognized in OCI	(11,157)	(1,607)	(12,764)
Planned asset payment amount	(147)	147	-
December 31, 2024	$ 5,070	($ 19,812)	($ 14,742)

Amount of defined benefit plan recognized in the profit and loss is summarized by function as follow:

	2024	2023
Operating costs	$ -	$ -
Sales and marketing	-	-
General and administrative	207	233
R&D expenses	-	-
	$ 207	$ 233

Due to the pension plans under the Labor Standards Act, the consolidated company is exposed to the following risks:

1. Investment risk: The Bureau invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits on its own use and through

agencies entrusted. However, the consolidated company's amount allocated to plan assets is calculated based on the interest rate not lower than the local bank's interest rate for 2-year time deposits.

2. Interest risk: A decrease in the interest rate of government bonds will increase the present value of the defined benefit obligation. However, the return on the debt investment through the plan assets will also increase, and the increases will partially offset the effect the net defined benefit liability.
3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of the participants in the plan. As such, an increase in the salary of the participants in the plan will increase the present value of the defined benefit obligation.

As such, an increase in the salary of the participants in the plan will increase the present value of the defined benefit obligation.

	December 31, 2024		December 31, 2023	
Discount rate	1.625%		1.25%	
Expected salary increase rate	2.5%		2.5%	
Disability rate	Based on 10% of expected mortality rate		Based on 10% of expected mortality rate	
Mortality rate	Based on Taiwan Life Insurance Industry 6th Experience Life Table		Based on Taiwan Life Insurance Industry 6th Experience Life Table	
Turnover rate	Ages	Turnover rate	Ages	Turnover rate
	20 years old	9.0%	20 years old	9.0%
	25 years old	7.0%	25 years old	7.0%
	30 years old	6.0%	30 years old	6.0%
	35 years old	4.0%	35 years old	4.0%
	40 years old	1.0%	40 years old	1.0%
	45 years old	-	45 years old	-
	50 years old	-	50 years old	-
	55 years old	-	55 years old	-
	60 years old	-	60 years old	-

	December 31, 2024		December 31, 2023	
	Ages	Voluntary retirement rate	Ages	Voluntary retirement rate
Voluntary retirement rate (Z is the earliest retirement age for specific employee)	Z	15.0%	Z	15.0%
	Z+1 ~ 64	3.0%	Z+1 ~ 64	3.0%
	65	100%	65	100%

If each of the critical actuarial assumptions is subject to reasonably possible changes, when all other assumptions remain unchanged, the amounts by which the present value of the defined benefit obligation would increase (decrease) are as follows:

	December 31, 2024	December 31, 2023
Discount rate		
Increase 0.25%	($ 93)	($ 236)
Reduce 0.25%	$ 97	$ 244
Expected salary increase rate		
Increase 0.25%	$ 94	$ 238
Reduce 0.25%	($ 91)	($ 231)

As actuarial assumptions may be correlated, it is unlikely that only a single assumption would occur in isolation of one another, so the sensitivity analysis above may not reflect the actual changes in the present value of the defined benefit obligation.

	December 31, 2024	December 31, 2023
Amount expected to be allocated within a year	$ -	$ -
The average duration of the defined benefit obligation	12 years	6 years

XXVI. Equity

(1) Capital stock

Ordinary shares

	December 31, 2024	December 31, 2023
Number of shares authorized (in thousands)	200,000	200,000
Shares authorized	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousands)	96,962	84,042
Shares issued	$ 969,622	$ 840,422

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and carry a right to dividends.

The capital reserved for the issuance of convertible corporate bond and employee stock option is 20,000 thousand shares.

The Board of Directors resolved to issue 2,300 thousand shares of common stock at a par value of NT$10 per share through a cash offering by private placement, at a premium of NT$25 per share, resulting in a paid-in capital of NT$830,422 thousand. The capital increase date is July 11, 2023 by the resolution of the Board of Directors. The registration for alternation of above capital increase was approved by the Ministry of Economic Affairs on August 17, 2023. The rights and obligations of the privately placed common stocks are the same as other common stocks issued, except that they are subject to restrictions on liquidity and transferability under the Securities and Exchange Act, and may not be listed or traded until three years from the date of delivery of the stock certificates and the completion of the supplemental public offering procedures.

On August 9, 2023, the Board of Directors resolved to issue 1,000 thousand shares of restricted common shares for employees at a par value of NT$10 per share, and issued at NT$10 per share, resulting in a paid-in capital of NT$840,422 thousand. The capital increase date is September 1, 2023 by the resolution of the Board of Directors. The registration for alternation of above restricted common shares for employees was approved by the Ministry of Economic Affairs on September 20, 2023.

On March 13, 2024, the Board of Directors resolved to issue 12,000 thousand shares through a capital increase in 2024, at NT$25 per share, resulting in a paid-in capital of NT$300,000 thousand. The above capital increase was notified to the Securities and Futures Bureau of the FSC on May 23, 2024, and became effective. The capital increase date is July 10, 2024, by the resolution of the Board of Directors, and the full amount was received on July 10, 2024. The registration for alternation of the above capital increase by issuing common stock was approved by the Ministry of Economic Affairs on August 22, 2024.

On August 9, 2024, the Board of Directors resolved to issue 920 thousand shares of restricted common shares for employees at a par value of NT$10 per share, and issued at NT$10 per share, resulting in a paid-in capital of NT$969,622 thousand. The capital increase date is September 2, 2024 by the resolution of the Board of Directors. The registration for alternation of above restricted common shares for employees was approved by the Ministry of Economic Affairs on October 15, 2024.

(2) Capital reserve

	December 31, 2024	December 31, 2023
May be used to offset a deficit, distributed as cash dividends or transferred to share capital(1)		
Issuance of common shares	$ 700,868	$ 643,538
Treasury share transactions	2,135	2,135
Expiry of employ stock option	17,860	17,660
Shall not be used for any purpose		
Employee Stock Options	4,430	4,430
Restricted shares for employees	46,541	30,100
Stock Options	71,620	-
	$ 843,454	$ 697,863

1. The capital reserve may be used to offset a deficit and, when there is no deficit, used to distributed as cash dividends or transferred to share capital. The transfer to share capital is limited to a certain percentage of the paid-in capital each year.

(3) Retained earnings and dividend policy

According to the retained earnings policy in Company's Articles of Incorporation, if there is a surplus in the annual financial statements, after paying all taxes and compensating for losses from previous years according to the law, 10% of the surplus shall be allocated as a statutory reserve. However, if the statutory reserve has reached the total amount of paid-in capital, no further allocation is required. Afterward, special reserves shall be allocated or reversed in accordance with the business needs, regulations or the requirements of the competent authority. The remaining surplus plus the accumulated unappropriated earnings shall be prepared by the Board of Directors and submitted to shareholder's meeting for resolution. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to "Employees' compensation and remuneration of directors and supervisors" in Note 28 (8).

The Company's dividend distribution policy should take shareholders' equity as the greatest consideration and may distribute in form of stock or cash dividends after considering the company's competitiveness in current and future domestic and foreign industries, investment environment, and capital needs. As the Company is currently in the growth stage, in consideration of the long-term financial arrangement, the total amount of dividends to be issued annually shall not be less than 30% of the current year's net profit after tax. The percentage of cash dividends shall not be less than 20% of the total dividends.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the

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

The Company Articles of Incorporation, when allocating special reserve from the net deduction of other interests accumulated in the previous period and unappropriated earnings in the previous period is insufficient, net profit after tax and others are added to the unappropriated earnings of the current period for allocation.

The Company held a shareholders' meeting on June 13, 2023, where the profit distribution for 2022 was passed respectively as follows:

		2022
Legal reserve		$ 2,784
Special reserve		$ 25,054

The shareholders' meeting decided to distribute a cash dividend of NT$40,371 thousand (NT$0.5 per share) from the capital reserve on June 13, 2023.

The Company held a regular shareholders meeting on June 18, 2024, and the resolution approved the loss compensation proposal for 2033 as follows:

	2023
Legal reserves to cover accumulated deficit	$ 6,913
Special reserve to cover accumulated deficit	62,223
Capital reserve－Ordinary shares issued at a premium to cover accumulated deficit	132,295
	$ 201,431

The Company held a directors meeting on March 12, 2025, where the accumulated deficit for 2024 was passed as follows:

	2024
Capital reserve - expired employee stock options	$ 17,860
Capital reserve - common stock premium	184,024
	$ 201,884

The offsetting of accumulated deficit for 2024 will be decided in the shareholders' meeting held on June 11, 2025.

(4) Special reserve

	2024	2023
Balance at January 1	$ 62,223	$ 37,169
Special reserve		
Deduction of other interests	-	25,054
Make up for losses	(62,223)	-
Balance at December 31	$ -	$ 62,223

Upon the distribution of earnings, a special reserve should be provided for the difference between the net deduction of other shareholders' equities recorded at the end of the reporting period and the special reserve allocated for when the initial application of IFRSs. When the net deduction of other shareholders' equities is reversed subsequently, the reversal part may be reversed to the special reserve.

(5) Others

1. Exchange differences resulting from translating the financial statements of foreign operations

	2024	2023
Balance at January 1	($ 156,329)	($ 138,976)
Generated in the current period		
Exchange difference of foreign operations	37,396	(21,691)
Income tax related to exchange difference of foreign operations	(7,479)	4,338
Balance at December 31	($ 126,412)	($ 156,329)

2. Unearned employee benefits

	2024	2023
Balance at January 1	($ 23,876)	$ -
Current Issuance	(23,966)	(30,100)
Share-based payment	17,651	6,224
Balance at December 31	($ 30,191)	($ 23,876)

Refer to Note 32 for the description for the issuing of new shares under employee share rights restrictions determined in the shareholders' meeting on June 13, 2023.

(6) Non-controlling interests

	2024	2023
Balance at January 1	$ -	$ 77,877
Non-controlling interests from obtaining Jing Cheng Company as subsidiaries (Note 34)	-	(24,501)
Non-controlling interests reduced due to liquidation of subsidiaries	-	(51,238)
Amount attributable to non-controlling interests		
Loss of the year	-	(1,506)
Other comprehensive income of this year		
Exchange differences resulting from translating the financial statements of foreign operations	-	(632)
Balance at December 31	$ -	$ -

XXV. Revenue

(1) Customer contracts

1.PVD coating products

The consolidated company's revenue is generated from the sputter coating of electronic components according to the specification agreed upon between the customers and the Company. The customers provide the materials and obtain the goods' control during the service, thus the service contracts of the consolidated company are gradually recognized as revenue. The consolidated company measures the progress based on the produced or delivered quantity.

2. Silicon carbide products

Silicon carbide products are sold to downstream operators in the silicon carbide industry, and the consolidated company sells them at prices determined by contracts, quotations or orders.

(2) Disaggregation of revenue

	2024	2023
Income from customer contracts		
PVD coating products	$ 368,171	$ 382,125
Silicon carbide products	561	71
Others	7	377
Less: Discontinued Operations Segment	(14,754)	(9,904)
	$ 353,985	$ 372,669

(3) Balance from contracts

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts Receivable (Note 10)	$ 246,227	$ 279,231	$ 268,220
Contract liabilities - current			
Product Sales	$ 6	$ -	$ -

XXVIII. Net loss relating to continuing operations and other comprehensive income

Net loss relating to continuing operations

(1) Interest income from bank deposits

	2024	2023
Interest income from bank deposits		
Bank deposits	$ 9,244	$ 10,061
Financial assets at amortized cost	5,598	123
Less: Discontinued Operations Segment(Note 12)	(1,133)	(343)
	$ 13,709	$ 9,841

(2) Other income

	2024	2023
Income from lease	$ 5,579	$ 5,507
Income from government grants(Note 33)	596	50,827
Less: Discontinued Operations Segment(Note 12)	(5,579)	(5,507)
	$ 596	$ 50,827

(3) Other gains and losses

	2024	2023
Net foreign exchange gains(losses)	$ 5,086	($ 2,229)
Losses from disposal of	(2,974)	(10,309)

property, plant and equipment		
Disposed of subsidiary company gain	-	1,260
Lease Modification Benefit	319	192
Profit or loss on financial assets		
Gain (loss) from designated financial assets at fair value through P/L	(330)	11,067
Others	139	6,929
Less: Discontinued Operations Segment(Note 12)	551	(2,552)
	$ 2,791	$ 4,358

(4) Finance costs

	2024	2023
Bank loans interest	$ 5,872	$ 3,084
Lease liabilities interest	1,989	1,601
Convertible Bond Interest	2,157	-
	$ 10,018	$ 4,685

The relevant information on interest capitalization is as follows:

	2024	2023
Capitalized Interest Amount	$ 271	$ -
Interest capitalization rate	1.47%～2.96%	-

(5) Depreciation and amortization

	2024	2023
Property, Plant and Equipment	$ 41,249	$ 42,053
Right-of-use assets	18,749	16,680
Intangible Assets	906	851
Less: Discontinued Operations Segment	60,904	59,584
	(6,458)	(8,764)

An analysis of depreciation by function		
Operating costs	$ 44,847	$ 23,451
Operating expenses	12,911	32,300
Non-operating expenses	2,240	2,982
	59,998	58,733
Less: Discontinued Operations Segment	(6,439)	(8,739)
	$ 53,559	$ 49,994

An analysis of amortization by function		
Operating costs	$ 84	$ 25
Operating expenses	822	826
	906	851
Less: Discontinued Operations Segment	(19)	(25)

	2024	2023
	$ 887	$ 826

Refer to Note 18 for information on the amortization of intangible assets allocated to individual line items.

(6) Research and development expenses immediately recognized as fee

	2024	2023
Research and development expenses	$ 70,157	$ 29,683

(7) Employee benefits expense

	2024	2023
Short-term employee benefits	$ 253,533	$ 231,771
Post-employment benefits		
Defined contribution plans	2,892	2,486
Defined benefit plan(Note 25)	207	233
	3,099	2,719
Equity-settled of share-based payments (Note32)	19,951	6,224
Other employee benefits	(54)	(36)
Total employee benefits expense	276,529	240,678
Less: Discontinued Operations Segment	(5,989)	(11,326)
	$ 270,540	$ 229,352
An analysis of employee benefits expense by function		
Operating costs	$ 177,491	$ 171,954
Operating expenses	99,038	68,724
	276,529	240,678
Less: Discontinued Operations Segment	(5,989)	(11,326)
	$ 270,540	$ 229,352

(8) Employees’ compensation and directors' remuneration

The Company distributed employees’ compensation and directors' remuneration at the rates between 1% to 10% and no higher than 3% of the net profit before tax for the year respectively according to the articles of incorporation.

As a result of the accumulated losses at 2024 and 2023. The Company's Board of Directors resolved on March 12, 2025, March 13, 2024, not to distribute employees' compensation and directors' compensation.

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

The actual allocated amount of employees’ compensation and directors' remuneration in 2023 and 2022 are the same as the recognized amount in 2023 and 2022 consolidated financial statements.

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

(9) Gain or loss on foreign currency exchange

	2024	2023

Foreign exchange gains	$ 8,115	$ 10,670
Foreign exchange losses	(3,029)	(12,899)
Less: Discontinued Operations Segment	2	5
Net profit(losses)	$ 5,088	($ 2,224)

XXIX. Income taxes relating to continuing operations

(1) Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	2024	2023
Current income tax		
Generated in current year	$ 44,391	$ 44,912
Adjusted in previous year	1,464	(40)
	45,855	44,872
Deferred income tax		
Generated in current year	1,142	17,211
Income tax expenses recognized in profit or loss	$ 46,997	$ 62,083

A reconciliation of accounting profit and current income tax expenses is as follows:

	2024	2023
Pre-tax Income (Loss) from Continuing Operations	($ 138,710)	$ 27,802
Income Tax Expense (Benefit) on Pre-tax Income at Statutory Tax Rate		
Income tax impact of adjustment items	($ 33,092)	$ 424
Items to be Added to Taxable Income		
Levy for unappropriated earnings	30,258	38,522
Unrecognized temporary differences	21,709	23,196
Unrecognized loss carryforwards	26,658	(19)
Adjustments for prior years' income tax	1,464	(40)
Income tax expenses recognized in profit or loss	$ 46,997	$ 62,083

(2) Income tax recognized in other comprehensive income

	2024	2023
Deferred income tax		
Generated in current year		
Exchange of foreign operations	$ 7,479	($ 4,338)
Actuarial gains and losses on defined benefit plan	2,553	123
Income tax recognized in other comprehensive income	$ 10,032	($ 4,215)

(3) Current income tax assets and liabilities

	December 31, 2024	December 31, 2023
Current income tax assets		
Tax refund receivables	$ 9,925	$ 1,460
Current tax liabilities		
Income tax payable	$ 1,922	$ 7,288

(4) Deferred tax assets and liabilities

The changes of deferred tax assets and deferred tax liabilities are as follows:

2024

	Balance at January 1	Recognized in profit or loss	Recognized in OCI	Exchange difference	Balance at December 31
Deferred tax assets					
Temporary differences					
Property, Plant and Equipment	$ 479	($ 197)	$ -	$ -	$ 282
Exchange difference of foreign operations	39,081	-	(7,479)	-	31,602
Others	3,939	(867)	(2,553)	37	556
	$ 43,499	($ 1,064)	($ 10,032)	$ 37	$ 32,440
Deferred tax liabilities					
Temporary differences					
Others	($ 201)	($ 78)	$ -	$ -	($ 279)

2023

	Balance at January 1	Recognized in profit or loss	Recognized in OCI	Exchange difference	Balance at December 31
Deferred tax assets					
Temporary differences					
Unrealized gain	$ 15,759	($ 15,759)	$ -	$ -	$ -
Property, Plant and Equipment	3,935	(3,456)	-	-	479
Exchange difference of foreign operations	34,743	-	4,338	-	39,081
Others	2,065	2,017	(123)	(20)	3,939
	$ 56,502	($ 17,198)	$ 4,215	($ 20)	$ 43,499
Deferred tax liabilities					
Temporary differences					
Others	($ 188)	($ 13)	$ -	$ -	($ 201)

(5) Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31, 2024	December 31, 2023
Loss carryforwards		
Expired in 2024	$ -	$ 338,133
Expired in 2025	-	138,521
Expired in 2026	-	91,180
Expired in 2028	-	1,715
Expired in 2029	3,207	-
Expired in 2032	5,744	5,744

	December 31, 2024	December 31, 2023
Expired in 2033	28,385	28,385
Expired in 2034	101,164	-
	$ 138,500	$ 603,678

	December 31, 2024	December 31, 2023
Deductible temporary differences		
Debt waiver not been proven	$ 17,391	$ 17,391
Impairment loss	-	7,943
Others	31,253	68,604
	$ 48,644	$ 93,938

(6) Total temporary differences relating to the investment and not recognized as deferred tax liabilities

As of December 31, 2024 and 2023, temporary taxable differences associated with investments in subsidiaries, which were not recognized as deferred tax liabilities, amounted to NT$106,224 thousand and NT$151,907 thousand, respectively.

(7) Income tax examination

The income tax settlement and filing cases of the Company and its subsidiary, Jing Cheng Company, for previous years have been approved by the tax authorities up to the year 2022.

XXX. Loss per share

(In New Taiwan Dollar)

	2024	2023
Basic loss per share		
From continuing operations	($ 2.09)	($ 0.40)
From Discontinued Operations	(0.30)	(0.19)
Total basic loss per share	($ 2.39)	($ 0.59)
Diluted loss per share		
From continuing operations	($ 2.09)	($ 0.40)
From Discontinued Operations	(0.30)	(0.19)
Total basic loss per share	($ 2.39)	($ 0.59)

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

Net Loss for the Year

	2024	2023
Net loss attributable to owners of the Company	($ 212,095)	($ 48,409)
Less: Net loss from discontinued operations for the calculation of loss Per Share from discontinued operations	(26,388)	(15,634)
Net Loss for the calculation of basic loss per share from continuing operations	(185,707)	(32,775)

	2024	2023
Effect of potential dilutive ordinary shares:		
After-tax Interest on convertible bonds	-	-
New Shares under employee share rights restrictions	-	-
Net loss for the calculation of diluted loss per share from continuing operations	($ 185,707)	($ 32,775)

Shares (In Thousands)

	2024	2023
Weighted average number of ordinary shares used to calculate for basic loss per share	88,835	81,701
Effect of potentially dilutive ordinary shares:		
Convertible bonds	-	-
New shares under employee share rights restrictions	-	-
Weighted average number of common shares used in the computation of diluted Loss Per Share	88,835	81,701

Because it was a net loss for 2024 and 2023, which had an anti-dilutive effect, the convertible bonds and new shares under employee share rights restrictions were not included in the calculation of diluted loss per share.

XXXI. Disposal of subsidiary

The consolidated company's Board of Directors resolved to apply for the liquidation of the subsidiary Leading Profit Holding Limited on November 8, 2023. It is the consolidated company's controlling subsidiary and has no substantial operating activities. The Leading Profit Holding Limited, which is the consolidated company's subsidiary, was approved to be dissolved on January 8, 2024.

(1) Consideration received

	Leading Profit Holding Limited
Cash and cash equivalents	$ 54,589
Total consideration received	$ 54,589

(2) Analysis of assets and liabilities for which control is lost

	Leading Profit Holding Limited
Current assets	
Cash and cash equivalents	$ 104,567
Disposed net assets	$ 104,567

(3) Interests in disposal of subsidiary

	Leading Profit Holding Limited
Consideration received	$ 54,589

Disposed net assets	(104,567)
Changes in non-controlling interests	51,238
Disposed interest	$ 1,260

The interest in the disposal of Leading Profit Holding Limited is included in other gains and losses.

(4) Net cash outflow from disposal of subsidiary

	Leading Profit Holding Limited
Consideration received in cash and cash equivalents	$ 54,589
Less: Disposed cash and cash equivalents	(104,567)
Net cash outflow	($ 49,978)

XXXII. Share-Based Payments Agreement

(1) New shares under employee share rights restrictions

At the regular shareholders' meeting held on June 13, 2023, the Company resolved to issue 3,000 thousand restricted common shares for employees at NT$10 per share, with a par value of NT$10 per share and a total par value of NT$30,000 thousand. The issue was notified to the Financial Supervision Commission on July 11, 2023 and was approved by No. Financial-Supervisory-Securities-Corporate-1120347784. The Board of Directors approved the actual issuance of 1,000 thousand shares and 920 thousand shares on August 9, 2023 (the granted date) and August 9, 2024 (the granted date), respectively. The capital increase dates of restricted shares for employees are September 1, 2023 and September 2, 2024, respectively, and the fair value of the shares on the grant date was $40.1 and $36.05 per share, respectively. Employees granted new restricted shares for employees will receive 25% of these shares if they have been employed for 1 year from the granted date, 25% of these shares if they have been employed for 2 years from the granted date, 25% of these shares if they have been employed for 3 years from the granted date, and 25% of these shares if they have been employed for 4 years from the granted date.

The changes in accounting items related to the above new restricted shares for employees for 2024 and 2023 are summarized below:

	Common Stock Capital		Capital Reserve - Restricted Shares for Employees	Capital Reserve - Share Premium	Other equity - unearned employee benefit
	Non-vested	Vested			
Balance at January 1, 2024	$ 10,000	$ -	$ 30,100	$ -	($ 23,876)
Granted date of restricted shares for employees - August 9, 2023	9,200	-	23,966	-	(23,966)
Recognition of Share-based Payment Compensation Cost	-	-	-	-	17,651
Vesting Date - September 1, 2024	(2,500)	2,500	(7,525)	7,525	-
Balance at December 31, 2024	$ 16,700	$ 2,500	$ 46,541	$ 7,525	($ 30,191)

	Common Stock Capital		Capital Reserve - Restricted Shares for Employees	Capital Reserve - Share Premium	Other equity - unearned employee benefit
	Non-vested	Vested			
Balance at January 1, 2023	$ -	$ -	$ -	$ -	$ -
Granted date of restricted shares for employees - August 9, 2023	10,000	-	30,100	-	(30,100)
Recognition of Share-based Payment Compensation Cost	-	-	-	-	6,224
Balance at December 31, 2023	$ 10,000	$ -	$ 30,100	$ -	($ 23,876)

The restricted rights for employees who have not met the vesting conditions for the granted new shares are as follows:

1. Employees may not sell, mortgage, assign, gift, pledge, or otherwise dispose of the new shares under employee share rights restrictions until the vesting conditions have been fulfilled after they granted the new shares, except by inheritance.
2. Attendance, proposals, speeches, and voting rights at stockholders' meetings are governed by trust and custody agreements.
3. In addition to the restrictions set forth in the preceding paragraph due to the trust agreement, the other rights of the new shares under employee share rights restrictions granted to them under the Plan, including but not limited to the right to receive cash dividends, stock dividends, and capital surplus, the right to subscribe for cash capital increases, and any rights and interests allocated to employees as a result of mergers, demergers, share conversions, and other legal events, are the same as the Company's outstanding shares of common stock, until the vesting conditions have been fulfilled.
4. If, during the vesting period, the Company reduces capital other than through legal capital reduction, such as cash reduction, the new shares under employee share rights restrictions shall be canceled in accordance with the ratio of capital reduction. In the case of a cash capital reduction, the cash refunded shall be deposited in a trust and delivered to the employees only after the vesting conditions and period have been met; however, if the vesting conditions have not been met by the end of the period, the Company will withdraw the cash.

(2)Capital increase retained for employee subscription

On March 13, 2024, the Board of Directors resolved to increase capital by cash and reserved 15% of the total amount of new shares for employees in accordance with the Company Act. The granted group includes employees of the Company and its subsidiaries who meet certain criteria. In June 2024, the Company granted 460 thousand shares of employ stock option at NT$25 per share.

The Company recognized $2,300 thousand as compensation cost for capital increase retained for employee subscription in 2024. Part of this amount, amounting to $1,080 thousand, was allocated to employees of a subsidiary, Jingcheng Materials Co., Ltd. and was accounted for as an investment under the equity method.

XXXIII. Government grants

(1) The consolidated company received a government grant for land amounting to NT$21,450 thousand (RMB 4,694 thousand) and a government grant for the importation of machinery and equipment amounting to NT$693 thousand (RMB 136 thousand) for investments in the establishment of plants located in the Anji Economic Development Zone, Zhejiang Province, and the Jurong Economic and Technological Development Zone, Jiangsu Province, in 2014 and 2009, respectively. These amounts were recognized as long-term deferred revenue and are being recognized in profit or loss over the useful lives of the related assets. As the merged company sold part of its land use rights in October 2021 and August 2014, a total of NT$14,159 thousand (RMB 3,014 thousand) of the related deferred revenue has been transferred to disposal gains.

As of December 31, 2024 and 2023, the remaining balances not yet recognized in profit or loss were NT$3,979 thousand (RMB 988 thousand) and NT$3,972 thousand (RMB 918 thousand), respectively. The amounts recognized in profit or loss were NT$131 thousand (RMB 30 thousand) and NT$129 thousand (RMB 29 thousand) for 2024 and 2023, respectively.

(1) Zhejiang Junsheng Company, a subsidiary of the consolidated company, received an incentive payment of RMB50,698 thousand (RMB11,416 thousand) for purchasing the land in 2023. This was the result of the Anji Economic Development Zone Management Committee's decision not to provide additional land and factory resettlement to enterprises under the "2022 Anji Concentrated Action Plan for "Taking Over the Cage and Replacing the Birds" in the Manufacturing Industry to Improve Efficiency and Increase Efficiency" and the "Implementation Rules for the Management of Industrial Land Acquisition in Anji County". Instead, it chose to reward the enterprises with all monetized compensation by providing a one-time incentive of RMB400,000/mu for the legal land area of the enterprises. A profit of NT$50,698 thousands (RMB11,416 thousand) was recognized in 2023.

XXXIV. Equity transactions with non-controlling interests

The consolidated company purchased the shares of Jing Cheng Company from the non-controlling interest shareholders on July 5, 2023, July 20, 2023 and August 17, 2023, and the shareholding percentage increased from 70.3% to 79.7%, 94.45%, and 100%.

The above transactions were accounted for as equity transactions since the consolidated company did not cease to have control over these subsidiaries.

Purchase subsidiaries' shares from non-controlling interest shareholders

	Jing Cheng Company
Consideration paid	($178,200)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	24,501
Equity transaction difference	($153,699)

	The company
Line items adjusted for equity transactions	
Capital reserve - the difference between the actual equity price of the subsidiary and its book value	($ 186)
accumulated deficit	(153,513)
	($153,699)

XXXV. Information on cash flows

(1) Non-cash transactions

Unless otherwise specified in the notes, the non-cash investing and financing activities of the consolidated company in 2024 and 2023 were as follows:

1. The consolidated company acquired property, plant and equipment in 2024 and 2023, resulting in an increase of NT$37,636 thousand and NT$1,352 thousand, respectively.
2. Prepayments for equipment are reclassified to property, plant and equipment in 2023 with NT$24,487 thousand.

(2) Changes in liabilities from financing activities

2024

			Non-cash changes					
	January 1, 2024	Cash Flow	New lease	Lease Modification	Net loss (gain) from exchange	Interest expenses	Other（Note）	December 31, 2024
Short-term loans	$ 190,000	($ 80,000)	$ -	$ -	$ -	$ -	$ -	$ 110,000
Long-term loan and current portion of long-term loans	8,584	68,101	-	-	-	-	-	76,685

payable								
Corporate Bonds Payable	-	353,390	-	-	-	2,157	(71,110)	284,437
Lease liabilities	41,059	(19,300)	118,263	(12,105)	643	1,989	-	130,549
	$ 239,643	$ 322,191	$ 118,263	($ 12,105)	$ 643	$ 4,146	($ 71,110)	$ 601,671

Note: It is recognized as a component of equity and derivative instruments in the bonds payable.

2023

	January 1, 2023	Cash Flow	Non-cash changes: Lease Modification	Non-cash changes: Net loss (gain) from exchange	Non-cash changes: Interest expenses	December 31, 2023
Short-term loans	$ 70,000	$ 120,000	$ -	$ -	$ -	$ 190,000
Long-term loan and current portion of long-term loans payable	12,553	(3,969)	-	-	-	8,584
Lease liabilities	62,599	(16,889)	(5,761)	(491)	1,601	41,059
Guarantee deposit received	88	(88)	-	-	-	-
	$ 145,240	$ 99,054	($ 5,761)	($ 491)	$ 1,601	$ 239,643

XXXVI. Capital risk management

The consolidated company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The consolidated company's overall strategy has remained unchanged to date.

The capital structure of the consolidated company consists of net debt of the consolidated company and Interests attributable to parent company owner. Management reviews the capital structure of the Group regularly including the consideration of each capital cost and relevant risks. The consolidated company balances its overall capital structure by issuing new shares, buying back shares and repaying old debt, as recommended by the management.

The consolidated company is not subject to any externally imposed capital requirements.

XXXVII. Financial Instruments

(1) Fair value of financial instruments not measured at fair value

The management of the consolidated company, except for those disclosed in the table below, considers that when approaching the expiry date of the carrying amount of financial assets and financial liabilities that are not measured at fair value, or the price receivable in the future equivalent to the carrying amount, their carrying amount approximate their fair values.

December 31, 2024

	Book amount	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
Financial liabilities					
Financial liabilities measured at amortized cost					
－Corporate Bonds Payable	$284,437	$324,120	$ -	$ -	$324,120

(2) Fair value of financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

	December 31, 2024: Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivative Instruments				
Convertible Bonds - Call Option	$ -	$ -	$ 180	$ 180

There were no transfers between Levels 1 and 2 in 2024 and 2023.

2. Reconciliation of Financial Instruments Measured at Fair Value Level 3

From January 1 to December 31, 2024

Financial assets	Fair Value through Profit or Loss, FVTPL Derivative Instruments
Balance at the beginning of the year	$ -
Recognized in profit or loss (Other Gains and Losses)	(330)
Call Option on Issued Convertible Bonds	510
Ending Balance	$ 180
Changes in Unrealized Gains (Losses) Related to Assets Held at Year-End and Recognized in Profit or Loss for the Current Period	($ 330)

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

Derivatives convertible corporate bonds - redemption rights are estimated using a binary tree convertible corporate bonds valuation model. The significant unobservable inputs adopted are estimated by the parameters of stock price volatility, risk discount rate and liquidity risk

(3) Categories of financial instruments

	December 31, 2024	December 31, 2023
Financial assets		
Fair value through profit or loss		
Mandatory at fair value through profit or loss	$ 180	$ -
Disposal of financial assets at amortized cost (Note 1)	1,560,730	1,141,299
Financial Liabilities		
Carried at amortized cost (Note 2)	$ 548,764	$ 242,291

Note 1: The balances include financial assets measured at amortized cost, such as cash and cash equivalents, investments in debt instruments, trade receivables, certain other receivables, and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, such as short-term borrowings, accounts payable, certain other payables, bonds payable, long-term borrowings, and the current portion of long-term borrowings.

(4) Financial risk management objectives and policies

The consolidated company's major financial instruments include equity and debt investments, trade receivables, accounts payable, bonds payable, borrowings, and notes receivable and payable. The corporate treasury function of the consolidated company provides services to business units, coordinates access to both domestic and international financial markets, and supervises and manages financial risks related to the operations of the consolidated company through internal risk reports that analyze exposures by risk degree and scope. These risks include market risk (including foreign exchange risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

The consolidated company mitigates the impact of these risks by hedging its exposure to hedging risks through derivative financial instruments. The use of derivative financial instruments is governed by the policies approved by the consolidated company's Board of Directors, which are the written principles for foreign currency risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of current capital. Internal auditors review policy compliance and risk limits continuously. The consolidated company does not engage in transactions of financial instruments (including derivative financial instruments) for speculative purposes.

The Financial Department reports quarterly to the consolidated company's Board of Directors, which is an independent organization responsible for monitoring risks and implementing policies to mitigate risks.

1. Market risk

   The main financial risks to which the consolidated company is exposed as a result of its operating activities are the risk of changes in foreign currency rates (see (1) below) and in interest rates (see (2) below). The consolidated company engages in various derivative financial instruments to manage risks in foreign currency rate and interest rate, including:

   A. Foreign Exchange Forward Contract to hedge the foreign currency risk arising from the sale of products;

   B. Interest Rate Swap to mitigate the risk of rising interest rates.

   There is no change in the consolidated company's exposure to market risk of financial instruments and the way it manages and measures such exposure.

   (1) Foreign currency risk

   Several subsidiaries of the Company engage in foreign currency-denominated sales and imports, which expose the consolidated company to foreign currency risk. The consolidated company utilizes Foreign Exchange Forward Contract to manage the foreign currency risk within the scope of the policy.

   Refer to Note 42 for the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies (including monetary items denominated in non-functional currencies that have been eliminated in the consolidated financial statements) and the carrying amounts of derivatives with foreign currency risk on the balance sheet date by the consolidated company.

   <u>Sensitivity analysis</u>

   The consolidated company was mainly affected by the fluctuations in the exchange rates of USD and RMB.

   The following table details the consolidated company’s sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 5% is the sensitivity ratio used in reporting foreign currency risk internally to management and represents management's assessment of the reasonably possible range of changes in foreign currency rates. The sensitivity analysis is for a 5% change in foreign currency rates and included only outstanding foreign currency-denominated monetary items at the end of the year. The sensitivity analysis includes loans that are not denominated in the functional currency of the lenders or borrowers. A positive number below indicates a increase in net profit before tax, decrease in net loss before tax or an increase in equity when New Taiwan dollars weaken by 5% against the relevant currency. For a 5% strengthening of New Taiwan dollars against the relevant currency, the impact on net profit (loss) before tax or equity will result in the balances below being negative.

	Impact of USD		Impact of RMB	
	2024	2023	2024	2023
Profit and loss	$ 3,060 (i)	$ 7,039 (i)	($ 27) (ii)	$ 4,869 (ii)

(i) Primarily arising from the USD bank deposits and debt instruments investments of the consolidated company that remain outstanding as of the balance sheet date and have not been subject to cash flow hedging.

(ii) Primarily arising from the RMB bank deposits of the consolidated company that remain outstanding as of the balance sheet date and have not been subject to cash flow hedging.

The consolidated company’s sensitivity to the U.S. dollar exchange rate decreased during the period, primarily due to the reduction in the U.S. dollar-denominated bank deposit balance. Additionally, the consolidated company’s sensitivity to the RMB exchange rate decreased during the year, primarily due to the reduction in the RMB-denominated bank deposit balance. Management believes that the sensitivity analysis does not represent the inherent exchange rate risk, as foreign currency exposures outside the balance sheet date do not reflect the exposures that occurred during the middle of the year.

(2) Interest rate risk

The consolidated company was exposed to interest rate risk because entities in the consolidated company borrowed funds at floating interest rates. The risk is managed by the consolidated company by maintaining an appropriate mix of fixed and floating interest rates and using interest rate swaps and forward rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

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

	December 31, 2024	December 31, 2023
Fair value interest rate risk		
Financial assets	$ 493,971	$ 73,818
Financial Liabilities	331,601	-
Cash flow interest rate risk		
Financial assets	802,353	783,175
Financial Liabilities	139,521	198,584

The consolidated company is exposed to cash flow interest rate risk due to holding bank loans with variable rates. This situation meets the consolidated company's policy of maintaining loans with floating rate to reduce fair value risk related to interest rates. The consolidated company's cash flow interest rate risk is mainly due to fluctuations in benchmark interest rates related to bank deposits and loans.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating interest rates liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. Basis points of 1% increase or decrease were used when reporting interest rate risk internally to management and represent management's assessment of the reasonably possible change in interest rates.

If interest rates had increased/decreased by 1%, without change in all other variables, the consolidated company’s pre-tax net loss for the years 2024 and 2023 decreased/increased by NT$6,628 thousand and NT$5,846 thousand, respectively, primarily due to the exposure to cash flow interest rate risk arising from the consolidated company’s variable-rate borrowings and bank deposits.

2. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As of balance sheet date, the consolidated company’s maximum exposure to credit risk which will cause a financial loss due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In order to minimize credit risk, the management of the consolidated company has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the consolidated company reviews the recoverable amount of each individual trade debt at the balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Company considers that the consolidated company ’s credit risk was significantly reduced.

As of December 31, 2024 and 2023, accounts receivable from customers exceeding 5% of the total accounts receivable amounted to 99.87% and 99%, respectively, of the consolidated company’s accounts receivable balance.

3. Liquidity risk

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

The consolidated company relies on bank borrowings as a significant source of liquidity. As of December 31, 2024 and 2023, the consolidated company had available unutilized bank financing limits refer to the following instruction in (2).

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

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the consolidated company might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank borrowings with a repayment on demand clause were included in the earliest time period, regardless of the probability of exercise of the right by banks.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the yield rate at the balance sheet date.

December 31, 2024

	Less than 1 year	1~3 years	4~5 years	More than 5 years
Non-derivative financial liabilities				
Floating interest rates instrument				
Short-term loans	$ 110,741	$ -	$ -	$ -
Long-term loans	63,252	15,710	-	-
Lease liabilities	28,696	29,874	26,400	60,533
Non-interest bearing				
Accounts payable	4,270	-	-	-
Other Payables	113,689	-	-	-
Corporate Bonds Payable	-	300,000	-	-
Other current liabilities	567	-	-	-
	$ 321,215	$ 345,584	$ 26,400	$ 60,533

Further information on the lease liability maturity analysis is as follows:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	More than 20 years
Lease liabilities	$ 28,696	$ 56,274	$ 60,533	$ -	$ -	$ -

December 31, 2023

	Less than 1 year	1~3 years	4~5 years	More than 5 years
Non-derivative financial liabilities				
Floating interest rates instrument				
Short-term loans	$ 191,011	$ -	$ -	$ -
Long-term loans	4,231	4,583	-	-
Lease liabilities	15,603	23,065	4,215	-
Non-interest bearing				
Accounts payable	8,578	-	-	-
Other Payables	72,461	-	-	-
Other current liabilities	422	-	-	-
	$ 292,306	$ 27,648	$ 4,215	$ -

Further information on the lease liability maturity analysis is as follows:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	More than 20 years
Lease liabilities	$ 15,603	$ 27,280	$ -	$ -	$ -	$ -

The amount of floating interest rate instruments for the above non-derivative financial assets and liabilities will vary depending on the difference between the floating interest rate and the interest rate estimated at the balance sheet date.

(2) Financing facilities

	December 31, 2024	December 31, 2023
Unsecured loan facility (extended by mutual agreement)		
- Amount used	$ 109,521	$ 188,584
- Amount unused	100,000	82,820
	$ 209,521	$ 271,404
Loan limits secured		
- Amount used	$ 77,164	$ 10,000
- Amount unused	20,000	40,000
	$ 97,164	$ 50,000

XXXVIII. Related party transactions

Intercompany transactions, balances, profit and loss between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation; therefore those items are not disclosed in this note. The following is the transactions between the consolidated company and other related parties:

Compensation of key management

The compensation to directors and other management in 2024 and 2023 were as follows:

	2024	2023
Short-term employee benefits	$ 12,562	$ 12,269
Post-employment benefits	15,115	238
Other long-term employee benefits	1	3
Share-based payments	5,081	1,245
	$ 32,759	$ 13,755

The compensation to directors and other management were determined by the Compensation Committee in accordance with the individual performance and the market trends.

XXXIX. Pledged assets

The consolidated company has provided the following assets as collateral for bank borrowings, applications for endorsements and guarantees, issuance of corporate bonds, and customs guarantees for imported raw materials:

	December 31, 2024	December 31, 2023
Financial assets at amortized cost - current	$ 225,413	$ 55,164
Refundable deposits	10,500	-
	$ 235,913	$ 55,164

XL. Significant contingent liabilities and unrecognized commitments

Significant commitment of the consolidated company at the balance sheet date, excluding these disclosed in other note, were as follow:

(1)Commitment not recognized by the consolidated company

	December 31, 2024	December 31, 2023
Commitment on purchasing property, plant and equipment	$ 119,934	$ 2,423

(2)Refer to Table 2 of Note 43 for the endorsements and guarantees provided by the consolidated company as of December 31, 2024.

XLI. Significant subsequent events

As of March 12, 2025, there are no other significant subsequent events.

XLII. Information on foreign currency financial assets and liabilities with significant impact

The following information was summarized according to the foreign currencies other than the functional currency of the consolidated company. The exchange rates disclosed were used to translate foreign currencies into functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 114	32.785 (USD:NTD)	$ 3,745
USD	2,541	7.321 (USD:CNY)	83,294
RMB	340	4.478 (CNY:NTD)	1,524
			$ 88,563
Financial Liabilities			
Monetary items			
USD	$ 788	32.785 (USD:NTD)	$ 25,839
RMB	461	4.478 (CNY:NTD)	2,066
			$ 27,905

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,131	30.705 (USD:NTD)	$ 65,428
USD	2,466	7.096 (USD:CNY)	75,719
RMB	22,504	4.327 (CNY:NTD)	97,376
			$ 238,523
Financial Liabilities			
Monetary items			
USD	12	7.096 (USD:CNY)	$ 358

The consolidated company is primarily exposed to foreign currency rate risk in RMB and USD. The following information is presented in aggregate for the functional currencies of the individuals holding the foreign currencies, and the exchange rates disclosed are the rates at which those functional currencies are translated into the presentation currency. Gain or loss on foreign currency exchange with significant impact are as follows:

	2024		2023	
Functional currency	Functional currency Exchange Currency	Net exchange (loss) gain	Functional currency Exchange Currency	Net exchange (loss) gain
NTD	1 ((NTD:NTD)	$ 3,366	1 (NTD:NTD)	($ 2,739)
RMB	4.454 (CNY:NTD)	1,720	4.396 (CNY:NTD)	510
		$ 5,086		($ 2,229)

The consolidated company's foreign currency exchange gain or loss for the years 2024 and 2023, realized (net) amounts were a gain of NT$3,821 thousand and a loss of NT$1,382 thousand, respectively. The unrealized (net) amounts were a gain of NT$1,249 thousand and a loss of NT$847 thousand, respectively.

XLIII. Other disclosures

(1) Information of Significant Transactions:

1. Financing provided to others: Table 1.
2. Endorsements/guarantees provided: Table 2.
3. Marketable securities held (refer to Tables 4 and 5 for the investment in subsidiaries and associates):. None.
4. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate with a cost of at least NT$300 million or representing 20% or more of the paid-in capital: None.
6. Disposal of real estate with a carrying amount of at least NT$300 million or representing 20% or more of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Information about the derivative financial instruments transaction: Note 7.
10. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Table 3.

(2) Information on investees: Table 4

(3) Information on investment in mainland China:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 5.
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
   (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 the resultant gains 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: Table 2.

(5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.

(6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

(4) Information of major shareholders: the names of shareholders with a shareholding ratio of 5% or more, their shareholding amount, and their proportional shareholdings: Table 6.

XLIV. Segment Information

(1) Department revenue and operating results

The information provided to the primary operating decision-maker for allocating resources and evaluating department performance focuses on the type of products or services delivered or provided by each. The consolidated company's reportable segments are as follows:

1. PVD Coating Products Department
2. Silicon Carbide Products Department

A total of one operation (Paragon (Suzhou) Company) was discontinued during the period. The department information reported below does not include amounts for any discontinued operations. Refer to Note 12 for details of discontinued operations.

2024

	PVD Coating Products Department	Silicon Carbide Products Department	Total
Revenue from external customers	$ 353,424	$ 561	$ 353,985
Inter-departmental revenue	-	-	-
Department income	$ 353,424	$ 561	353,985
internal Write off			-
Consolidated revenue			$ 353,985
Department profit and loss	($ 34,968)	($ 110,820)	($ 145,788)
Interest income			13,709
Income from government grants			596
Exchange Benefits			5,088
Loss from disposal of Property, plant and equipment			(955)
Loss on financial assets measured at fair value through profit or loss			(330)
Other gains and losses			(1,012)
Finance costs			(10,018)
Pre-tax net loss from continuing operations			($ 138,710)

2023

	PVD Coating Products Department	Silicon Carbide Products Department	Total
Revenue from external customers	$ 372,598	$ 71	$ 372,669
Inter-departmental revenue	-	-	-
Department income	$ 372,598	$ 71	372,669

internal Write off			-
Consolidated revenue			$ 372,669
Department profit and loss	$ 3,639	($ 36,178)	($ 32,539)
Interest income			9,841
Income from government grants			50,827
Exchange loss			(2,224)
Loss from disposal of Property, plant and equipment			(10,309)
Gain on Mandatory financial assets at fair value through profit or loss			11,067
Other gains and losses			5,824
Finance costs			(4,685)
Pre-tax net loss from continuing operations			$ 27,802

The revenue reported above is generated from transactions with external customers. Inter-segment sales have been fully eliminated.

Segment profit refers to the profit earned by each segment and excludes allocated corporate management costs and directors' remuneration, share of profit or loss of associates accounted for using the equity method, lease income, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of investments, net foreign exchange gains or losses, gains or losses on financial instruments measured at fair value, finance costs, and income tax expense. This measure is provided to the chief operating decision maker for the purpose of allocating resources to the segments and assessing their performance.

(2) Total assets and liabilities of the department

Assets of the department	December 31, 2024	December 31, 2023
"Continuing operations segment		
PVD Coating Products Department	$ 1,105,484	$ 750,572
Silicon Carbide Products Department	964,237	174,509
Total segment assets	2,069,721	925,081
Assets related to discontinued operations	71,006	591,251
Unallocated current and deferred income tax assets	42,365	44,959
Total consolidated assets	$ 2,183,092	$ 1,561,291
"Continuing operations segment		
PVD Coating Products Department	$ 396,533	$ 286,953
Silicon Carbide Products Department	328,633	38,124
Total segment liabilities	725,166	325,077
Liabilities related to discontinued operations	1,136	2,940
Unallocated current and deferred income tax liabilities	2,201	7,489

Total consolidated liabilities	$ 728,503	$ 335,506

For the purpose of monitoring performance of and allocating resources to the departments:

1. All assets other than affiliates using the equity method and current and deferred income tax assets are allocated to reportable departments. Goodwill has allocated to reportable departments. Assets used in common by the reportable departments are allocated on the basis of revenues earned by the respective reportable departments.

(3) Main product and revenue arising from rendering of services

The analysis for the main products and revenue arising from rendering of services from continuing operations of the consolidated company is as follows:

	2024	2023
PVD coating products	$ 368,171	$ 382,125
Silicon carbide products	561	71
Others	7	377
Less: Discontinued Operations Segment	(14,754)	(9,904)
	$ 353,985	$ 372,669

(4) Geographic information

The consolidated company operates in two principal geographical areas - the Mainland China and Taiwan.

The consolidated company's revenue from continuing operations of external customers by location of operations and information about its non-current assets by location of assets is detailed below:

	Revenue from external customers		Non-current assets	
	2024	2023	December 31,2024	December 31,2023
Taiwan	$ 912	$ 2,010	$ 398,780	$ 169,991
Mainland China	353,073	370,659	128,349	161,398
	$ 353,985	$ 372,669	$ 527,129	$ 331,389

Non-current assets do not include assets classified as deferred tax assets and net defined benefit assets.

(5) Major customers information

Revenue from direct selling in 2024 and 2023 were NT$368,739 thousand and NT$382,573 thousand respectively, and NT$365,404 thousand and NT$377,479 thousand out of them were from the largest customer of the consolidated company respectively.

Single customers contributing 10% or more to the consolidated company's revenue were as follows:

2024			2023		
Customer code	Amount	Percentage of revenue %	Customer code	Amount	Percentage of revenue %
Customer A	$ 365,404	99	Customer A	$ 377,479	99

Paragon Technologies Co., Ltd. and Its Subsidiaries
FINANCING PROVIDED TO OTHERS
From January 1 to December 31, 2024

TABLE 1

(In Thousands of New Taiwan Dollars and Foreign Currency)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Balance at December 31	Actual Borrowing Amount	Actual Borrowing Amount	Nature of Financing	Nature of Financing	Reasons for Short-term Financing	Allowance for Bad Debts	Collateral		Financing limit for each borrower (Note 2)	Aggregate financing Limit (Note 2)	Note
													Name	Value			
1	MACRO SIGHT INTERNATIONAL CO., LTD	Jing Cheng Material Co., LTD.	Other receivables	Y	$ 89,740 RMB 20,000	$ 89,560 RMB 20,000	$ 55,975 RMB 12,500	0%	The need for short-term financing	$ -	Operating capital	None	None	$ -	$ 172,612 RMB 38,547	$ 345,224 RMB 77,093	
2	Paragon (Suzhou) Technology LTD	Zhejiang Paragon Technology Co., LTD.	Other receivables	Y	345,420 RMB 76,000	-	-	2%	〃	-	〃	〃	〃	-	77,030 RMB 17,202	77,030 RMB 17,202	
3	Paragon (Kunshan) Technology Co., Ltd.	Zhejiang Paragon Technology Co., LTD.	Other receivables	Y	43,198 RMB 9,800	-	-	2%	〃	-	〃	〃	〃	-	-	-	Note 3
4	Paragon (Jiangsu) Technology Co., LTD.	Zhejiang Paragon Technology Co., LTD.	Other receivables	Y	113,625 RMB 25,000	-	-	2%	〃	-	〃	〃	〃	-	318,814 RMB 71,196	318,814 RMB 71,196	

Note 1: Coding is as follows:

(1) The issuer is coded "0".

(2) The investee companies are coded consecutively beginning from “1”.

Note 2: The limit for financing provided by the investment company is as follows:

(1) The individual amount of each financing provided to companies with business dealings with the Company should not exceed the amount of business transactions between the parties, and the total amount of all financing should not exceed 20% of net worth. The term "dealings with" refers to the purchase or sale amount between the two parties within the past year, which is the higher.

(2) The individual amount of each guarantee should not exceed 20% of net equity as of its latest financial statements, and the total amount of all guarantees issued should not exceed 40% of net worth.

(3) The Company can provide financing to its wholly-owned foreign subsidiaries, directly or indirectly held with 100% voting rights, without being subject to (2). However, the individual amount of each financing should not exceed 100% of net worth, and the total amount of all financing should not exceed 100% of net worth.

Note 3: Paragon (Kunshan) Technology Co., Ltd. approved for dissolution on April 23, 2024.

Paragon Technologies Co., Ltd. and Its Subsidiaries
ENDORSEMENTS AND GUARANTEES FOR OTHERS
From January 1 to December 31, 2024

TABLE 2

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note 1)	Endorser/Guarantor Name	Endorsee/Guarantee		Limits on endorsement/guarantee amount provided to each guaranteed party (Notes 3)	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Maximum endorsement/ guarantee amount allowable (Note 3)	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China	Note
		Name	Nature of relationship (Note 2)											
0	Paragon Technologies Co., Ltd.	MACRO SIGHT INTERNATIONAL CO., LTD.	(2)	$ 727,295 (Note 3)	$ 133,435 USD 4,100	$ -	$ -	$ -	-	$ 727,295	Y	N	N	
0	Paragon Technologies Co., Ltd.	Jing Cheng Material Co., LTD.	(2)	290,918 (Note 3)	102,660	102,660	72,164	-	7.06 %	727,295	Y	N	N	
1	MACRO SIGHT INTERNATIONAL CO., LTD.	Jing Cheng Material Co., LTD.	(4)	290,918 (Note 4)	59,103 USD 1,800	59,013 USD 1,800	30,000	59,013 USD 1,800	4.06 %	727,295	N	N	N	
1	MACRO SIGHT INTERNATIONAL CO., LTD.	Paragon Technologies Co., Ltd.	(4)	727,295 (Note 4)	300,000	150,000	150,000	107,472 RMB 24,000	10.31 %	727,295	N	Y	N	
2	Jing Cheng Material Co., LTD.	Paragon Technologies Co., Ltd.	(4)	727,295 (Note 4)	150,000	150,000	150,000	-	10.31 %	727,295	N	Y	N	

Note 1: Coding is as follows:
(1) The issuer is coded "0".
(2) The investee companies are coded consecutively beginning from "1".

Note 2: There are 7 types of relationships between endorser and endorsee, the types can be indicated:
(1) The company with business dealings with the Company.
(2) The company directly or indirectly held by the Company by more than 50% voting shares.
(3) The company directly or indirectly held the Company by more than 50% voting shares.
(4) The company directly or indirectly held by the Company by more than 90% voting shares.
(5) The company provides mutual guarantees to each other based on the contract for the purpose of contracted engineering projects.
(6) The company in which all shareholders, based on their shareholding percentage, provide endorsements and guarantees due to the joint investment relationship.
(7) Joint and several guarantees provided by company engaged in pre-sale house contracts and selling in accordance with the Consumer Protection Act.

Note 3: The total amount of the endorsement/guarantee provided by the Company shall not exceed 50% percent of net worth. The cumulative amount of endorsement/guarantee for a single company shall not exceed 20% of net worth, and shall not exceed 50% of net worth for a single overseas associate. However, for endorsement/guarantee made due to business relationships, it shall not exceed the total amount of transactions between the Company and the other party in the most recent year (whichever is higher between the purchase or sales amount).

Note 4: The total amount of external endorsements/guarantees of subsidiaries, MACRO SIGHT INTERNATIONAL CO., LTD. and Jing Cheng Material Co., Ltd., shall not exceed 50% of net worth of the ultimate parent company for the current period. The cumulative amount of endorsement/guarantee for a single company shall not exceed 20% of net worth of the ultimate parent company, and shall not exceed 50% of net worth of the ultimate parent company for a single overseas associate and parent company. However, for endorsement/guarantee made due to business relationships, it shall not exceed the total amount of transactions between the Company and the other party in the most recent year (whichever is higher between the purchase or sales amount).

Paragon Technologies Co., Ltd. and Its Subsidiaries

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS AND AMOUNT

From January 1 to December 31, 2024

TABLE 3

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Paragon Technologies Co., Ltd.	MACRO SIGHT INTERNATIONAL CO., LTD	1	Other receivables (payables)	$ 10,299	Note 4	0.47
0	Paragon Technologies Co., Ltd.	MACRO SIGHT INTERNATIONAL CO., LTD	1	Other income	19,341	Note 4	5.46
1	MACRO SIGHT INTERNATIONAL CO., LTD	Jing Cheng Material Co., LTD.	3	Other receivables (payables)	55,975	Note 5	2.56
2	Paragon (Suzhou) Technology LTD	Paragon (Jiangsu) Technology Co., LTD	3	Sales revenue	12,794	Note 6	3.61

Note 1: Intercompany relationships shall be noted in column of No. as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from “1”.

Note 2: There are 3 types of relationships with counterparties, the types can be indicated:

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

Note 3: In calculating the percentage of intercompany transactions in consolidated net revenue or total assets, the liability is calculated by the percentage of balance at the end of period in consolidated assets, and the profit or loss is calculated by the percentage of cumulative amount in the middle of period in consolidated net revenue.

Note 4: The Company charges administrative and management service fees to its third-party subsidiaries based on the Company and the expenses related to managing subsidiaries, plus a certain percentage. The payment terms require payment within 150 days after the calculation.

Note 5: The loans among subsidiaries are repaid in accordance with the loan agreements.

Note 6: For transactions of machinery and equipment among subsidiaries in China, the payment terms are 60 days after receipt of invoices.

Note 7: The above transactions have been eliminated in the consolidated financial statements.

Paragon Technologies Co., Ltd. and Its Subsidiaries
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
From January 1 to December 31, 2024

TABLE 4

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2024			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Amount			
Paragon Technologies Co., Ltd.	MACRO SIGHT INTERNATIONAL CO., LTD.	F.T. LABUAN, MALAYSIA	Investment activities	$ 481,565 USD 14,134	$ 481,565 USD 14,134	13,992,000	100	$ 857,607	$ 9,582	$ 9,385	Subsidiary
	Cubee auto parts inc.	Taiwan	Wholesale and retail of automobile parts and equipment	5,000	5,000	500,000	50	-	19	-	Associate
	Jing Cheng Material Co., LTD.	Taiwan	Supply of silicon carbide technology and materials	936,100	336,100	78,000,000	100	644,839	(112,580)	(112,580)	Subsidiary
MACRO SIGHT INTERNATIONAL CO., LTD.	MACRO SIGHT TECHNOLOGY LIMITED	BRITISH VIRGIN ISLANDS	Makes investments and import/export	280,616 USD 8,347	280,616 USD 8,347	8,346,851	100	393,338 RMB 87,838	(359) (RMB 81)	(3,037) (RMB 682)	Sub-subsidiary
	CLEAR SMART INVESTMENTS LIMITED	APIA, SAMOA	Makes investments and import/export	-	96,756 USD 3,000	-	-	-	(46,635) (RMB 10,470)	(45,091) (RMB 10,124)	Sub-subsidiary
	Paragon Technology Investment Limited.	Hong Kong	Investment activities	777,341 USD 25,000	777,341 USD 25,000	25,000,000	100	(1,782) (RMB 398)	27,486 RMB 6,171	28,528 RMB 6,405	Sub-subsidiary
	Precise International Investment Limited.	Hong Kong	Investment activities	114,159 USD 3,502	114,159 USD 3,502	3,502,000	100	234,002 RMB 52,256	41,708 RMB 9,364	42,407 RMB 9,521	Sub-subsidiary
MACRO SIGHT TECHNOLOGY LIMITED	Essence International Investment Limited.	Hong Kong	Investment activities	492,640 USD 15,100	492,640 USD 15,100	15,100,000	100	395,446 RMB 88,309	(270) (RMB 61)	(270) (RMB 61)	Sub-subsidiary
CLEAR SMART INVESTMENTS LIMITED	Paragon (Kunshan) Technology Co., Ltd.	Kunshan City, Jiangsu Province, Mainland China	EMI processing	-	96,756 USD 3,000	-	-	-	(44,513) (RMB 9,994)	(44,513) (RMB 9,994)	Sub-subsidiary
Paragon Technology Investment Limited.	Zhejiang Paragon Technology Co., LTD.	Solar Industrial Park, Zhejiang Province, Mainland China	Sputter coated automotive parts	777,341 USD 25,000	777,341 USD 25,000	-	50.1	(547) (RMB 122)	38,995 RMB 8,755	27,636 RMB 6,205	Sub-subsidiary
Essence International Investment Limited.	Paragon (Suzhou) Technology LTD	Suzhou New District, Jiangsu Province, Mainland China	EMI processing	240,742 USD 7,100	240,742 USD 7,100	-	100	77,030 RMB 17,202	(5,183) (RMB 1,164)	(5,183) (RMB 1,164)	Sub-subsidiary
	Paragon (Jiangsu) Technology Co., LTD	Nanjing City, Jiangsu Province, Mainland China	EMI processing	251,904 USD 8,000	251,904 USD 8,000	-	100	318,814 RMB 71,196	7,163 RMB 1,608	4,981 RMB 1,118	Sub-subsidiary
Precise International Investment Limited.	Paragon (Neijiang) Technology Co., LTD	Neijiang City, Sichuan Province, Mainland China	EMI processing	91,440 USD 3,000	91,440 USD 3,000	-	100	232,377 RMB 51,893	41,836 RMB 9,393	41,836 RMB 9,393	Sub-subsidiary
Paragon (Suzhou) Technology LTD	Paragon (Jiangsu) Technology Co., LTD	Nanjing City, Jiangsu Province, Mainland China	EMI processing	-	62,976 USD 2,000	-	-	-	7,163 RMB 1,608	2,182 RMB 490	Sub-subsidiary
	Zhejiang Paragon Technology Co., LTD.	Solar Industrial Park, Zhejiang Province, Mainland China	Sputter coated automotive parts	775,835 USD 24,900	294,550 USD 10,000	-	49.9	(545) (RMB 122)	38,995 RMB 8,755	11,359 RMB 2,550	Sub-subsidiary
Paragon (Jiangsu) Technology Co., LTD	Baiji (Suzhou) Technology Co., Ltd.	Suzhou New District, Jiangsu Province, Mainland China	Sputtering equipment after-sales service and equipment parts sales	29,400 RMB 6,500	- -		100	25,900 RMB 5,784	(3,190) (RMB 716)	(3,190) (RMB 716)	Sub-subsidiary

Paragon Technologies Co., Ltd. and Its Subsidiaries
Information on investment in mainland china
From January 1 to December 31, 2024

TABLE 5

(In Thousands of New Taiwan Dollars and Foreign Currency)

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, and repatriations of investment income:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2024	Accumulated Inward Remittance of Earnings as of December 31, 2024 (Note4)	Note
					Outward	Inward							
Paragon (Suzhou) Technology LTD	EMI processing	$ 240,742 USD 7,100	(2)	$ 205,914 USD 6,000	$ -	$ -	$ 205,914 USD 6,000	($ 5,183) (RMB 1,164)	100%	($ 5,183) (RMB 1,164)	$ 77,030 RMB 17,202	$ 199,824 USD 1,878 及 RMB 31,500	
Paragon (Kunshan) Technology Co., Ltd.	〃	96,756 USD 3,000	(2)	32,860 USD 1,000	-	32,860 USD 1,000	-	(44,513) (RMB 9,994)	100%	(44,513) (RMB 9,994)	- RMB -	421,948 USD 11,675 及 RMB 18,000	
Paragon (Jiangsu) Technology Co., LTD	〃	251,904 USD 8,000	(2)	-	-	-	-	7,163 RMB 1,608	100%	7,163 RMB 1,608	318,814 RMB 71,196	322,143 RMB 73,616	
Paragon (Neijiang) Technology Co., LTD	〃	91,440 USD 3,000	(2)	-	-	-	-	41,836 RMB 9,393	100%	41,836 RMB 9,393	232,377 RMB 51,893	170,229 RMB 38,428	
Zhejiang Paragon Technology Co., LTD.	Sputter coated automotive parts	1,553,176 USD 49,900	(2)	173,825 USD 5,000	-	-	173,825 USD 5,000	38,995 RMB 8,755	100%	38,995 RMB 8,755	(1,092) (RMB 244)	-	
Baiji (Suzhou) Technology Co., Ltd.	Suzhou New District, Jiangsu Province, Mainland China Sputtering equipment after-sales service and equipment parts sales	29,400 RMB 6,500	(2)	-	-	-	-	(3,190) (RMB 716)	100%	(3,190) (RMB 716)	25,900 RMB 5,784	-	

Note 1: There are 3 types of investment methods, the types can be indicated:
(1) Direct investment in the mainland China area.
(2) Investment in the mainland China area through third party.
(3) Others.

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

2. Limit on the amount of investment in the mainland China area:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 512,771 (Note 3)	$2,006,072 (Notes3 and 5) (HKD 12,173 and USD 61,602)	$ 872,753

Note 3: Including the accumulated investment of NT$100,172 thousand after the liquidation of Baikai Technologies (Shenzhen) Co., Ltd. in March 2007 and ACME (Shanghai) Technology Limited. in July 2020.
Note 4: As of September 2024, ACME (Shanghai) Technology Limited. has remitted the investment income of NT$254,140 thousand.
Note 5: Including the investment of NT$97,799 thousand originally invested by the third party after the liquidation of Paragon (Chongqing) Technology Co., LTD. in June 2022.
Note 6: After the liquidation of Paragon (Kunshan) Company in April 2024, the investment of $32,860 thousand originally invested by the third party in China has been remitted and had not yet been filed with the Department of Investment Review as of December 31, 2024.

Paragon Technologies Co., Ltd.
INFORMATION ON MAJOR SHAREHOLDERS
December 31, 2024

TABLE 6

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
None		

Note 1: The information on major shareholders in this table is based on the last business day at the end of the quarter, including the data of the shareholders holding more than 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). The share capital recorded in the consolidated financial report and the actual number of shares delivered without physical registration may be different due to the difference of calculation basis.