Stock code: 3518

Paragon Technologies Co., Ltd.

Separate Financial Report and Independent Auditors' Report
December 31, 2024 and 2023

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Independent Auditors' Report

Paragon Technologies Co., Ltd.

Opinion

We have audited the accompanying Financial Report of Paragon Technologies Co., Ltd. (the "Company"), which comprise the individual balance sheets as of December 31, 2024 and 2023, and the individual statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the individual Financial Report, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Report 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 Individual Financial Report section of our report. We are independent of Paragon Technologies Co., Ltd. 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 individual Financial Report of the Company for the year ended December 31, 2024. These matters were addressed in the context of our audit of the individual Financial Report 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 individual Financial Report of the Company for the year ended December 31, 2024 is stated as follows:

Key audit matters of Financial Report of the subsidiaries, accounted for using equity method

Explanation of Key Audit Matters

As of December 31, 2024, the amount of investment in subsidiaries, accounted for using equity method, was $1,502,446 thousand which is 82% of the total assets. Since the amount is significant relative to the overall Financial Report, if the investee's Financial Report do not properly reflect the results of operations or do not correctly calculate the investment profit or loss for the year, the investment profit or loss and the amount of investment, accounted for using equity method, will be incorrect.

Therefore, the key audit matters of Financial Report of the subsidiaries, accounted for using equity method, are the key audit matters for individual Financial Report of the Company. Refer to Notes 4 (7) and 12 for the individual Financial Report.

The subsidiaries of the Company are primarily engaged in the manufacturing of EMI, optoelectronic, and optical films; the research, development, manufacturing, processing, and trading of machinery, equipment, and components; as well as the supply of silicon carbide technologies and materials. In accordance with the principle of materiality and the Standards on Auditing, revenue recognition is presumed to involve significant risk. Therefore, we, as the auditors, consider that the recognition of sales revenue by the Company’s subsidiaries for certain specific clients has a material impact on the individual Financial Report. As a result, the authenticity of shipments related to sales revenue for specific clients has been identified as a key audit matter for the current year.

For details regarding the revenue recognition policies, please refer to Notes 4(15) and 24 to the Company’s 2024 Consolidated Financial Report.

We have obtained and understood the Company's control over the operations and financial results of its subsidiaries, and performed the following main audit procedures for the key audit matters in planning the Financial Report audit of important subsidiaries:

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.

Responsibilities of Management and Those Charged with Governance for the Individual Financial Report

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

In preparing the individual Financial Report, 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 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’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Individual Financial Report

Our objectives are to obtain reasonable assurance about whether the individual Financial Report 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 individual Financial Report. 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 individual Financial Report.

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

Individual 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)	$ 200,592	11	$ 113,305	8
1110	Financial assets at fair value through profit or loss - current (Notes 4, 7 and 18)	180	-	-	-
1136	Financial assets at amortized cost - current (Notes 4, 8, 9 and 33)	60,000	3	-	-
1170	Accounts receivable (Notes 4, 10 and 24)	-	-	277	-
1200	Other receivables (Notes 4 and 10)	175	-	115	-
1210	Other Receivables – Related Parties (Notes 4, 10 and 32)	10,299	1	68,791	5
1220	Current tax assets (Notes 4 and 26)	9,072	-	1,405	-
1410	Prepayments (Note 16)	5,476	-	8,658	-
1470	Other current assets	29	-	166	-
11XX	Total current assets	285,823	15	192,717	13
	Non-current assets				
1550	Investments Accounted for Using the Equity Method (Notes 4, 12, 23, 28 and 32)	1,502,446	82	1,190,378	82
1600	Property, plant and equipment (Notes 4 and 13)	2,508	-	9,112	1
1755	Right-of-use assets (Notes 4 and 14)	1,425	-	14,116	1
1780	Intangible assets (Notes 4 and 15)	501	-	353	-
1840	Deferred tax assets (Notes 4 and 26)	30,881	2	41,614	3
1920	Refundable deposits	3,114	-	3,826	-
1990	Other noncurrent assets (Notes 4, 16 and 22)	18,192	1	5,635	-
15XX	Total non-current assets	1,559,067	85	1,265,034	87
1XXX	Total	$1,844,890	100	$1,457,751	100
Codes	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Note 17)	$ 80,000	5	$ 180,000	13
2170	Accounts payable (Note 19)	276	-	276	-
2219	Other Payables (Note 20)	18,590	1	22,700	2
2230	Current tax liabilities (Notes 4 and 26)	-	-	5,052	-
2280	Current lease liabilities (Notes 4 and 14)	682	-	4,865	-
2320	Current portion of long-term loans payable (Note 17)	4,169	-	4,066	-
2399	Other current liabilities	332	-	321	-
21XX	Total current liabilities	104,049	6	217,280	15
	Non-current liabilities				
2530	corporate bond payable（Notes 4 and 18）	284,437	15	-	-
2540	Long-term loans (Note 17)	352	-	4,518	-
2550	Non-current provisions (Notes 4 and 21)	674	-	728	-
2570	Deferred tax liabilities (Notes 4 and 26)	31	-	-	-
2580	Non-current lease liabilities (Notes 4 and 14)	758	-	9,440	1
25XX	Total non-current liabilities	286,252	15	14,686	1
2XXX	Total liabilities	390,301	21	231,966	16
	Equity (Notes 4, 18, 23 and 28)				
	Capital stock				
3110	Common stock	969,622	53	840,422	58
3200	Capital reserve	843,454	46	697,863	48
	Accumulated deficit				
3310	Legal reserve	-	-	6,913	1
3320	Special reserve	-	-	62,223	4
3350	Accumulated deficit	(201,884)	(11)	(201,431)	(14)
3300	Total accumulated deficit	(201,884)	(11)	(132,295)	(9)
3400	Other interests	(156,603)	(9)	(180,205)	(13)
3XXX	Total equity	1,454,589	79	1,225,785	84
	Total liabilities and equity	$1,844,890	100	$1,457,751	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.

Individual Statements of Comprehensive Income

From January 1 to December 31, 2024 and 2023

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

Codes		2024 Amount	2024 %	2023 Amount	2023 %
4000	Operating Revenue (Notes 4 and 24)	$ 351	100	$ 1,939	100
5000	Operating costs (Notes 4, 11 and 25)	(8,555)	(2,437)	(8,834)	(456)
5900	Gross Loss	(8,204)	(2,337)	(6,895)	(356)
5920	Realized profits of subsidiaries(Notes 4 and 32)	3,937	1,121	69,122	3,565
5950	Realized Gross Profit (Loss)	(4,267)	(1,216)	62,227	3,209
	Operating expenses (Note 25)				
6100	Sales and marketing expenses	-	-	-	-
6200	General and administrative expenses	(67,446)	(19,215)	(44,770)	(2,309)
6300	Research and development expenses	(18,600)	(5,299)	(26,139)	(1,348)
6000	Total operating expenses	(86,046)	(24,514)	(70,909)	(3,657)
6900	Net operating loss	(90,313)	(25,730)	(8,682)	(448)
	Non-operating income and expenses (Notes 10, 25 and 32)				
7100	Interest income	1,786	509	2,160	111
7010	Other income	19,381	5,521	19,489	1,005
7020	Other gains and losses	(10)	(3)	(8,384)	(432)
7050	Finance costs	(5,440)	(1,550)	(3,535)	(182)
7070	Share of profits and losses of subsidiary accounted for using equity method	(103,195)	(29,400)	(3,026)	(156)
7000	Total non-operating income and expenses	(87,478)	(24,923)	6,704	346

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Codes		2024 Amount	2024 %	2023 Amount	2023 %
7900	Loss from continuing operations before income tax	($ 177,791)	(50,653)	($ 1,978)	(102)
7950	Total income tax expense (Notes 4 and 26)	(34,304)	(9,773)	(46,431)	(2,394)
8200	Net loss for the period	(212,095)	(60,426)	(48,409)	(2,496)
	Other comprehensive income (Notes 4, 22, 23 and 26)				
	Not reclassified to profit or loss:				
8311	Measure on defined benefit plans	12,764	3,636	614	32
8349	Income tax expense related to items that will not be reclassified subsequently	(2,553)	(727)	(123)	(7)
8310		10,211	2,909	491	25
	Items that may be reclassified subsequently to profit or loss				
8380	Share of other comprehensive profits and losses of subsidiaries accounted for using equity method	37,396	10,654	(21,691)	(1,119)
8399	Income tax related to items that may be reclassified subsequently	(7,479)	(2,130)	4,338	224
8360		29,917	8,524	(17,353)	(895)
8300	Other comprehensive income for the period (net of income tax)	40,128	11,433	(16,862)	(870)
8500	Total comprehensive income	($ 171,967)	(48,993)	($ 65,271)	(3,366)
	Loss Per Share (Note 27)				
	from continuing operations				
9710	Basic	($ 2.39)		($ 0.59)	
9810	Diluted	($ 2.39)		($ 0.59)	

The accompanying notes are an integral part of the individual Financial Report.

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

Paragon Technologies Co., Ltd.

Individual 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	Total equity
A1	Balance, December 31, 2022	80,742	$ 807,422	$ 673,820	$ 4,129	$ 37,169	$ 27,838	($ 138,976)	$ -	$ 1,411,402
	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)	-	-	(48,409)
D3	Other comprehensive income of 2023	-	-	-	-	-	491	(17,353)	-	(16,862)
D5	Total comprehensive income of 2023	-	-	-	-	-	(47,918)	(17,353)	-	(65,271)
M5	The difference between the equity price and book value of a subsidiary company acquired or disposed	-	-	(186)	-	-	(153,513)	-	-	(153,699)
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 individual Financial Report.

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

Paragon Technologies Co., Ltd.

Individual 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		
A10000	Loss Before Income Tax for the Year	($ 177,791)	($ 1,978)
A20010	Adjustments for Income and Expense Items		
A20100	Depreciation Expense	5,657	11,163
A20200	Amortization Expense	692	598
A20400	Loss on Financial Assets at Fair Value Through Profit or Loss	330	-
A20900	Finance Costs	5,440	3,535
A29900	Provisions	(54)	(36)
A21200	Interest Income	(1,786)	(2,160)
A21900	Share-based Compensation Expense	8,022	2,489
A22400	Share of Profit or Loss of Subsidiaries Accounted for Using the Equity Method	103,195	3,026
A22500	Loss on Disposal and Retirement of Property, Plant and Equipment	2,965	6,692
A23100	Gain on Disposal of Investments	-	(1,260)
A24000	Realized Gain on Sales to Subsidiaries	(3,937)	(69,122)
A29900	Lease Modification Gain	(319)	(192)
A30000	Net Changes in Operating Assets and Liabilities		
A31150	Accounts Receivable	277	259
A31190	Other Receivables – Related Parties	9,173	(19,472)
A31230	Prepayments	3,182	(2,187)
A31240	Other Current Assets	137	(17)
A31990	Net Defined Benefit Assets	207	(14)
A32180	Other Payables	(4,014)	(7,915)
A32230	Other Current Liabilities	11	(91)
A33000	Cash Generated from Operations	(48,613)	(76,682)
A33100	Interest Received	2,774	1,018
A33300	Interest Paid	(3,178)	(2,954)
A33500	Income Tax Paid	(46,291)	(28,963)
AAAA	Net Cash Outflows from Operating Activities	(95,308)	(107,581)

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codes		2024	2023
	Acquisition of Financial Assets Measured at Amortized Cost		
B00040	Net Cash Inflows from Disposal of Subsidiaries	(\$ 60,000)	\$ -
B02300	Acquisition of Property, Plant and Equipment	-	54,589
B02700	Proceeds from Disposal of Property, Plant and Equipment	(2,265)	(266)
B02800	Decrease in Refundable Deposits	3,203	2,441
B03800	Acquisition of Intangible Assets	712	176
B04500	Dividends Received from Subsidiaries	(840)	(533)
B07600	Net Cash Inflows from Investing Activities	286,270	216,005
BBBB	Acquisition of Financial Assets Measured at Amortized Cost	227,080	272,412
	Increase in Short-term Loans		
C00100	Decrease in Short-term Loans	-	110,000
C00200	Issuance of Convertible Bonds	(100,000)	-
C01200	Repayments of Long-term Loans	353,390	-
C01700	Repayments of Lease Liabilities	(4,063)	(3,969)
C04020	Payment of Cash Dividends	(3,012)	(6,202)
C04500	Proceeds from Capital Increase	-	(40,371)
C04600	Issuance of Restricted Shares to Employees	300,000	57,500
C04800	Acquisition of Subsidiaries' Equity	9,200	10,000
C05400	Net Cash Outflows from Financing Activities	(600,000)	(258,200)
CCCC	Increase in Short-term Loans	(44,485)	(131,242)
EEEE	Increase in Cash and Cash Equivalents	87,287	33,589
E00100	Cash and Cash Equivalents at Beginning of Year	113,305	79,716
E00200	Cash and Cash Equivalents at End of Year	\$ 200,592	\$ 113,305

The accompanying notes are an integral part of the individual Financial Report.

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

Paragon Technologies Co., Ltd.
Notes to the Individual Financial Report
From January 1 to December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars, Unless Specified otherwise)

I. Company history

Paragon Technologies Co., Ltd. (hereinafter referred to as the 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, Global Technology Limited, in October 2005 with October 27, 2005, as the base date for the merger. The Company is the surviving company and Global Technology Limited was dissolved as a result of the merger.

In July 2006, the Company was approved to trade its stocks in in 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 individual Financial Report are presented in the Company' s functional currency, the New Taiwan dollars.

II. Approval date and procedures of the individual Financial Report

The individual Financial Report were authorized 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 Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
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

The individual Financial Report have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of Preparation

The individual Financial Report 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.

When preparing the individual Financial Report, the Company account for subsidiaries, and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the Company in the consolidated Financial Report, the differences of the accounting treatment between the individual and consolidated basis are adjusted under the "Investments accounted for using equity method", "Share of profits of subsidiaries and associates accounted for using equity method" and "Share of other comprehensive income of subsidiaries and associates , accounted for using equity method" in the individual Financial Report.

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

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets due to be settled within 12 months after the reporting period; 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 individual Financial Report); 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 a liability that could, at the option of the counterparty, result in its settlement by transferring an equity instrument of the Company, do not affect its classification as current or non-current if the Company classifies the option as an equity instrument.

(4) 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 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.

(5) Foreign Currencies

In preparing the individual Financial Report, transactions in currencies other than the Company's 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 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 purpose of presenting individual Financial Report, the assets and liabilities of the Company’s foreign operations (including subsidiaries that are prepared using functional currencies which are different from the currency of the Company) are transferred into the the New Taiwan dollar on each 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.

If the Company disposes of its entire interest in a foreign operation, or disposes of part of the interest in a subsidiary that includes a foreign operation and the retained interest becomes a financial asset accounted for in accordance with the accounting policies for financial instruments, the entire cumulative exchange differences related to that foreign operation shall be reclassified to profit or loss.

If the partial disposal of a foreign operation in a subsidiary does not result in a loss of control, a proportionate share of the cumulative exchange differences shall be reclassified within equity as part of the transaction with owners, and shall not be recognized in profit or loss. In all other partial disposals of a foreign operation, the proportionate share of the cumulative exchange differences shall be reclassified to profit or loss.

(6) 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.

(7) Investments in subsidiaries

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

A subsidiary is an entity that is controlled by the Company (including a structured entity).

Under the equity method, investments are initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of its subsidiaries. In addition, changes in the Company’s other equity of its subsidiaries are recognized based on its ownership percentage.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of an investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company’s share of losses of a subsidiary exceeds its equity in said subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term equity that, in substance, forms part of the Company’s net investment in the said subsidiary), the Company continues recognizing its share of further losses.

The excess of the cost of acquisition over the Company's shares of the net fair value of the subsidiary's identifiable assets and liabilities at the date of acquisition is recorded as goodwill, which is included in the carrying amount of the investment and shall not be amortized. The excess of the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities over the cost of acquisition at the date of acquisition is recognized as current income.

When the Company assesses the impairment, it considers the cash-generating unit as a whole in the individual Financial Report and compares its recoverable amount with the carrying amount. If the recoverable amount of an asset increases subsequently, the reversal of the impairment loss shall be recognized in gains, but the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount of the asset less amortization without impairment loss recognized. Impairment losses attributable to goodwill shall not be reversed in subsequent periods.

When the Company loses control over a subsidiary, it measures its remaining investment in said subsidiary based on the fair value on the day when control is lost. The fair value of the remaining investment and the difference between any disposal price and the carrying amount of the investment on the day when control is lost are recognized in profit or loss for the period. In addition, all amounts recognized in other comprehensive income related to said subsidiary are accounted for on the same basis as the one adopted for the Company' s direct disposal of the relevant assets or liabilities.

The unrealized profit or loss on downstream transactions between the Company and its subsidiaries are eliminated in the standalone Financial Report. Profit or loss on downstream and lateral transactions between the Company and its subsidiaries is recognized in the individual Financial Report only to the extent that it does not affect the Company's interests in the subsidiaries.

(8) Investments in Associates.

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

The 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 Company's share of the profit or loss and other comprehensive income of the associate. In addition, for changes in equity in an associate, the Company recognizes its share in the changes in the equities of associates.

The excess of the cost of acquisition over the Company's shares of the net fair value of the joint ventures' identifiable assets and liabilities at the date of acquisition is recorded as goodwill, which is included in the carrying amount of the investment and shall not be amortized. The excess of the Company's share of the net fair value of the joint ventures' identifiable assets and liabilities over the cost of acquisition at the date of acquisition is recognized as current income.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the proportionate equity in the associate. The records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital reserve - changes in capital reserve from investments in associates for using the equity method. If the ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital reserve, but the capital reserve recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the 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 Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the 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 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 investment on associates becomes the investment on joint ventures or vise versa, the Company adopts the equity method continuously and does not measure the reserved equities.

When an entity transacts with its associate, profits and losses resulting from the transactions with the associate is recognized in this Financial Report only to the extent of interests in the associate of parties that are not related to the Company.

(9) Property, Plant and Equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. When these assets are tested to see if they can function properly before reaching their intended use status, the samples produced are stated at the lower of cost or net realisable value, and the price and cost shall be recognized in P/L 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 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) Intangible Assets

1. Separately acquired

   Separately acquired intangible assets with finite useful lives are initially recognized at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the estimated useful lives of the intangible assets.The Company reviews the estimated useful lives, salvage value, and amortization method of intangible assets at the end of each year. Any changes in accounting estimates are accounted for on a prospective basis. Intangible assets with indefinite useful lives are recognized at cost less accumulated impairment losses.

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.

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

The 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 balance sheet date. 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 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.

When an impairment loss subsequently reverses, the carrying amount of the asset, cash-generating unit or assets related to contract cost 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, cash-generating unit or assets related to contract cost in prior years (less amortization or depreciation). A reversal of an impairment loss is recognized in profit or loss.

(12) Financial Instruments

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

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

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 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 31 for determination of fair value.

B. Financial assets at amortized cost

When the 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 and Contract Assets

The 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, lease receivables and contract assets 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) Derecognition of financial assets

The 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 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 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, and its carrying amount is weighted average by stock category. 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.

(13) 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.

(14) Revenue recognition

After the 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 Company signs contracts with the same customer (or a related party of the customer) at almost the same time, the 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 Company measures the progress based on the produced or delivered quantity.

(15) Leasing

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

1. The 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 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 individual 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 amortized cost using the effective interest method, with interest expense allocated over the lease term. If changes in the lease term, the expected payments under the residual value guarantee, the assessment of the purchase option of the underlying asset, or the index or rate used to determine lease payments result in a change in future lease payments, the Company remeasures the lease liabilities, with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the balance sheets.

(16) 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.

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

(18) Share-Based Payments Agreement

1. Restricted shares for employees granted to employees

Restricted stock granted to employees is measured at the grant-date fair value of the equity instruments and the best estimate of the number of awards expected to vest. The compensation cost is recognized on a straight-line basis over the vesting period, with a corresponding adjustment to other equity (employee unearned compensation). If the awards are fully vested on the grant date, the compensation cost is recognized in full on that date.

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 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.

2. Equity-settled share-based payment agreements for employees of subsidiaries

The share-based payment agreements, settled by the Company's equity instruments, granted to employees of subsidiaries are recognized as capital contributions to subsidiaries and are measured at the fair value of the equity instruments at the date of grant. They are recognized as the increase in the carrying amount of the investment in the subsidiary during the receiving period, and the capital reserve - employ stock option is adjusted accordingly.

(19) 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 and associates except where the 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 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.

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

In the application of the 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.

In developing significant accounting estimates, the Company considers the potential impacts of climate change and related government policies and regulations. Management will continue to review the estimates and underlying assumptions on an ongoing basis.

Key sources of estimation uncertainty

(1) Impairment of investment in subsidiaries

The Company's investment in its subsidiary, Jing Cheng Company, indicated that the related assets may have been impaired and the carrying amount of the investment in the subsidiary may not be recoverable because the market in which the assets are located has not yet generated significant operating revenues during the year. The Company then evaluates the impairment of the assets related to this subsidiary from the perspective of the Financial Report as a whole. The Company's management assessed the impairment based on the future cash flows of the cash-generating unit to which the related assets belonged, including assumptions on sales growth and capacity utilization estimated by management, and determined the suitable discount rate in calculating the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(2) Impairment of goodwill included in investment in subsidiaries

In determining whether goodwill included in investment in subsidiaries is impaired, goodwill acquired in a merger is allocated to the cash-generating unit that the Company expects to benefit from the merger synergies at the acquisition date, and the value in use of the cash-generating unit is estimated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the amortized goodwill cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

VI. Cash and Cash Equivalents

	December 31, 2024	December 31, 2023
Cash on hand and revolving funds	$ 204	$ 237
Checking accounts and demand deposits	200,388	96,794

Cash equivalents (investment with an original maturity less than 3 months)		
Time deposits	-	16,274
	$ 200,592	$ 113,305

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

	December 31, 2024	December 31, 2023
Demand deposit	0.005%~0.8%	0.05%~1.45%
Time deposit	-	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	$ 60,000	$ -

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

(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 33 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	$ 60,000
Loss allowance	-
Amortized cost	$ 60,000

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
Normal	The debtors' credit risk is low and have sufficient ability to settle the contractual cash flows	12-month expected credit losses	0%	$ 60,000

X. Trade Receivables and Other Receivables

	December 31, 2024	December 31, 2023
Trade receivables		
Carried at amortized cost		
Total carrying amount	$ 81	$ 358
Less: Allowance for impairment loss	(81)	(81)
	$ -	$ 277
Other receivables		
Non-related parties		
Interest receivable	$ 175	$ 115
Related parties (Note 32)		
Interest receivable	-	1,048
Cash dividends receivable	-	48,271
Income from management services receivable	10,299	19,472
	10,299	68,791
	$ 10,474	$ 68,906

(1) Trade Receivables

Trade receivables carried at amortized cost

The 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 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 Company rate the main customers using other publicly available financial information and historical transaction records. The 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 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 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 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 trades receivables based on the 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%	0%	100%	
Total carrying amount	$ -	$ -	$ -	$ 81	$ 81
Loss allowance (Lifetime ECL)	-	-	-	(81)	(81)
Amortized cost	$ -	$ -	$ -	$ -	$ -

December 31, 2023

	0~90 days	91~180 days	180~360 days	More than 361 days	Total
Expected credit loss rate	0%	0%	0%	100%	
Total carrying amount	$ 277	$ -	$ -	$ 81	$ 358
Loss allowance (Lifetime ECL)	-	-	-	(81)	(81)
Amortized cost	$ 277	$ -	$ -	$ -	$ 277

The following table details the loss allowance of trade receivables.

	2024	2023
Balance at January 1	$ 81	$ 81
Balance at December 31	$ 81	$ 81

(2) Other receivables

There is no interest accrued for other receivables. When determining the receivability of other receivables, the 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 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 Company did not recognize any other receivables that were overdue but not yet recognized as the impairment loss.

XI. Inventories

	December 31, 2024	December 31, 2023
Raw materials	$ -	$ -
Work-in-process	-	-
Finished goods	-	-
	$ -	$ -

The natures of the sales cost are as follows:

	2024	2023
Cost of inventories sold	$ 8,693	$ 8,834
Impairment loss on inventories	(138)	-
Reversal of impairment gain (1)	$ 8,555	$ 8,834

(1)The reversal of the write-down of inventories to net realizable value was due to the sale of the inventories.

XII. Investments accounted for using equity method

	December 31, 2024	December 31, 2023
Investments in subsidiaries	$ 1,502,446	$ 1,190,378
Investments in associates	-	-
	$ 1,502,446	$ 1,190,378

(1) Investments in subsidiaries

	December 31, 2024	December 31, 2023
Non-listed (non-piblic) company		
MARCO SIGHT INTERNATIONAL CO., LTD.	$ 857,607	$ 1,044,887
Jing Cheng Material Co., Ltd.	644,839	145,491
	$ 1,502,446	$ 1,190,378

	Percentage of Ownership and Voting Rights	
Subsidiaries	December 31, 2024	December 31, 2023
MARCO SIGHT INTERNATIONAL CO., LTD.	100%	100%
Jing Cheng Material Co., Ltd.(2)	100%	100%

1. The Company has invested $51,022 thousand in cash to establish LEADING PROFIT HOLDING LIMITED in July, 2022 and the percentage of ownership is 51%. In view of the strategies, the Board of Directors resolved to liquidate and dissolve the LEADING PROFIT HOLDING LIMITED on November 8, 2023, which was approved for dissolution on January 8, 2024. In 2023, the Company received a cash refund of NT$54,589 thousand from the liquidation of equity investments, resulting in a gain on disposal of a subsidiary amounting to NT$1,260 thousand. Please refer to Note 31 to the Company's 2024 consolidated financial statements for further details.
2. On July 5, July 20, and August 17, 2023, the Company acquired additional equity interests in Jing Cheng Company from non-controlling interest shareholders for a total consideration of NT$178,200 thousand, increasing its shareholding percentage from 70.3% to 79.7%, 94.45%, and ultimately 100%. Please refer to Note 34 to the Company's 2024 consolidated financial statements for details on equity transactions with non-controlling interests. In addition, the Company participated in the capital increases in cash of Jing Cheng Company on August 9, 2024 and November 15, 2023, increasing its investment by NT$600,000 thousand and NT$80,000 thousand, respectively.

Refer to Table 3 and Table 4 of Note 37 for investments in subsidiaries hold indirectly.

(2) Investments in associates

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

Refer to Table 3 of Note 37 for the nature of activities, principal places of business and countries of incorporation of the associates.

The Company invested Cubee auto parts inc. in September 2018 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 Company does not have control over Cubee auto parts inc. Management of the Company considers it has significant influence on Cubee auto parts inc. and lists it as an associate.

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

Associates that are not individually material

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

The Company discontinues recognizing the specific associates' share of further losses accounted for using equity method. When the 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 Report are as follows:

	2024	2023
Amount of the year	($ 10)	($ 188)
Cumulative amount	($ 299)	($ 309)

XIII. Property, Plant and Equipment

	December 31, 2024	December 31, 2023
Assets used by the Company	$ 2,508	$ 9,112

Assets used by the Company

	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost					
Balance, January 1, 2024	$ 86,525	$ 650	$ 14,077	$ 9,012	$ 110,264
Additions	-	-	1,430	835	2,265
Disposals	(85,375)	(650)	(5,184)	(9,012)	(100,581)
Reclassifications	-	-	-	-	-
Balance, December 31, 2024	$ 790	$ -	$ 10,323	$ 835	$ 11,948
Accumulated depreciation and impairment					

Balance, January 1, 2024	$ 78,227	$ 650	$ 13,557	$ 8,718	$ 101,152
Depreciation	1,856	-	562	283	2,701
Disposals	(79,810)	(650)	(5,184)	(8,769)	(94,413)
Reclassifications	-	-	-	-	-
Balance, December 31, 2024	$ 273	$ -	$ 8,935	$ 232	$ 9,440
Balance, December 31, 2024	$ 517	$ -	$ 1,388	$ 603	$ 2,508
Cost					
Balance, January 1, 2023	$ 154,600	$ 650	$ 19,274	$ 24,354	$ 198,878
Additions	-	-	-	266	266
Disposals	(68,075)	-	(5,197)	(15,608)	(88,880)
Reclassifications	-	-	-	-	-
Balance, December 31, 2023	$ 86,525	$ 650	$ 14,077	$ 9,012	$ 110,264
Accumulated depreciation and impairment					
Balance, January 1, 2023	$ 132,882	$ 560	$ 18,145	$ 24,239	$ 175,766
Depreciation	4,382	90	609	52	5,133
Disposals	(58,977)	-	(5,197)	(15,573)	(79,747)
Reclassifications	-	-	-	-	-
Balance, December 31, 2023	$ 78,227	$ 650	$ 13,557	$ 8,718	$ 101,152
Balance, December 31, 2023	$ 8,298	$ -	$ 520	$ 294	$ 9,112

The Company's property, plant and equipment are depreciated on a straight-line basis over the following estimated useful life:

Machinery and Equipment	7 years
Office Equipment	3~5 years
Other Equipment	3 years

XIV. Lease arrangements

(1) Right-of-use assets

	December 31, 2024	December 31, 2023
Carrying amounts		
Buildings	$ 1,425	$ 11,593
Machinery and Equipment	-	2,523
	$ 1,425	$ 14,116

	2024	2023
Additions to right-of-use assets	$ 2,052	$ -
Depreciation of right-of-use assets		
Buildings	$ 2,577	$ 5,273
Machinery and Equipment	379	757
	$ 2,956	$ 6,030

In 2024, due to early termination of lease contracts, the Company reduced right-of-use assets and lease liabilities by NT$11,787 thousand and NT$12,106 thousand, respectively, resulting in a lease modification gain of NT$319 thousand.

In 2023, due to early termination of lease contracts, the Company reduced right-of-use assets and lease liabilities by NT$5,569 thousand and NT$5,761 thousand, respectively, resulting in a lease modification gain of NT$192 thousand.

(2) Lease liabilities

	December 31, 2024	December 31, 2023
Carrying amounts		
Current portion	$ 682	$ 4,865
Non-current portion	$ 758	$ 9,440

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2024	December 31, 2023
Buildings	2.45%	2.1%～2.2%
Machinery and Equipment	-	1.75%

(3) Important leasing activities and terms

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

(4) Other lease information

	2024	2023
Expenses relating to short-term leases	$ 120	$ 152
Total cash outflow for leases	($ 3,132)	($ 6,354)

The Company elected to apply the recognition exemption for short-term leases to parking space lease agreements that qualify as short-term leases, and therefore did not recognize the related right-of-use assets and lease liabilities for such leases.

As of December 31, 2024 and 2023, the Company had no lease agreements with lease terms commencing after the reporting date.

XIV. OTHER INTANGIBLE ASSETS

	Patents	Computer software	Total
Cost			
Balance, January 1, 2023	$ 223	$ 14,599	$ 14,822
Separately acquired	-	533	533
Balance, December 31, 2023	$ 223	$ 15,132	$ 15,355
Accumulated amortization			
Balance, January 1, 2023	$ 223	$ 14,181	$ 14,404
Amortization	-	598	598
Balance, December 31, 2023	$ 223	$ 14,779	$ 15,002
Balance, December 31, 2023	$ -	$ 353	$ 353
Cost			
Balance, January 1, 2024	$ 223	$ 15,132	$ 15,355
Separately acquired	-	840	840
Balance, December 31, 2024	$ 223	$ 15,972	$ 16,195
Accumulated amortization			
Balance, January 1, 2024	$ 223	$ 14,779	$ 15,002
Amortization	-	692	692
Balance, December 31, 2024	$ 223	$ 15,471	$ 15,694
Balance, December 31, 2024	$ -	$ 501	$ 501

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
Computer software	1~4 years

XVI. OTHER ASSETS

Prepayments – Current

The Company’s prepayments primarily consist of deductible value-added tax (VAT) and prepaid expenses.

	December 31, 2024	December 31, 2023
Non-current portion		
Net defined benefit asset (Note 22)	14,742	2,185
Others	3,450	3,450
	$ 18,192	$ 5,635

XVII. Loans

(1) Short-term loans

	December 31, 2024	December 31, 2023
Unsecured loans		
Line of credit	$ 80,000	$ 180,000

Interest rate of revolving loans were 2.425% in 2024 and 1.8%~2.52% in 2023.

(2) Long-term loans

	Expiration date	Material terms	Effective interest rate	December 31, 2024	December 31, 2023
Unsecured loans					
First Bank	January 18, 2026	The total amount of the loan is $20,000 thousand, and the principal and interest will be repaid in monthly installments from the date of borrowing.	2.575% and 2.45%	$ 4,521	$ 8,584
Less:					
Current portion of long-term loans payable				(4,169)	(4,066)
				$ 352	$ 4,518

XVIII. 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 Notes 32 and 33 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.

XIX. ACCOUNTS PAYABLE

	December 31, 2024	December 31, 2023
Accounts payable		
From operating activities	$ 276	$ 276

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

XX. OTHER LIABILITIES

	December 31, 2024	December 31, 2023
Salaries and incentive bonus	$ 13,777	$ 14,342
Payables for annual leave	2,011	2,299
Payables for labor costs	1,017	979
Payables for auxiliary materials and consumables	63	318
Others	1,722	4,762
	$ 18,590	$ 22,700

XXI. Provision for liability

	December 31, 2024	December 31, 2023
Non-current portion		
Employee benefits	$ 674	$ 728

Provision for liability of employee benefits includes employee death benefits. The employee pension plan adopted by the Company is other long-term benefits plan and the pension is calculated based on the fixed pay when the employee dies.

XXII. Post-employment benefits plans

(1) Defined contribution plans

The 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.

(2) Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is the defined benefit plan under the management of the government (R.O.C.). 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 Company has no right to influence the investment management strategy.

The amounts included in the individual 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:

	Net defined benefit defined benefit obligation	Fair value of Fair value	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)

	Net defined benefit defined benefit obligation	Fair value of Fair value	Net defined benefit Liabilities (assets)
January 1, 2024	$ 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)
Contributions from the employer	(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 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 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	Based on Taiwan Life Insurance Industry 6th Experience Life

Turnover rate	Table Ages	Turnover rate	Table 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
Expected contributions to the plan for the following year	$ -	$ -
The average duration of the defined benefit obligation	12 years	6 years

XXIII. 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	96,962	84,042

(in thousands)		
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 ther 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 Report, 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 25 (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 2023 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)

The share-based payment recognized for restricted shares for employees was $17,651 thousand and $6,224 thousand, respectively, 2024 and 2023. Part of shares, amounting to $10,849 thousand and $3,735 thousand, respectively, was allocated to employees of a subsidiary, Jing Cheng Materials Co., Ltd., and was accounted for as an investment under the equity method.

XXIV. Revenue

(1) Customer contracts

The 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 Company are gradually recognized as revenue. The Company measures the progress based on the produced or delivered quantity.

(2) Income details from customer contracts

	2024	2023
Income from customer contracts		
PVD coating products	$ 344	$ 1,562
Others	7	377
	$ 351	$ 1,939

(3) Balance from contracts

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts Receivable (Note 10)	$ -	$ 277	$ 536

XXV. Net profit (loss) relating to continuing operations.

(1) Interest income from bank deposits

	2024	2023
Bank deposits	$ 1,206	$ 1,112
Financial Assets at Amortized Cost	580	-
Receivables from related parties (Note 32)	-	1,048
	$ 1,786	$ 2,160

(2) Other income

	2024	2023
Management and service income (Note 32)	$ 19,341	$ 19,472
Others	40	17
	$ 19,381	$ 19,489

(3) Other gains and losses

	2024	2023
Net foreign exchange gains (losses)	$ 3,147	($ 2,818)
Losses from disposal of property, plant and equipment	(2,965)	(6,692)
Disposed of subsidiary company gain	-	1,260
Lease Modification Benefit	319	192
Gain (loss) from designated financial assets at fair value through P/L	(330)	-
Others	(181)	(326)
	($ 10)	($ 8,384)

(4) Finance costs

	2024	2023
Bank loans interest	$ 3,082	$ 3,067
Lease liabilities interest	201	468
Convertible Bond Interest	2,157	-
	$ 5,440	$ 3,535

There are no capitalization of interests in 2024 and 2023.

(5) Depreciation and amortization

	2024	2023
Property, Plant and Equipment	$ 2,701	$ 5,133
Right-of-use assets	2,956	6,030
Intangible Assets	692	598
Total	$ 6,349	$ 11,761
An analysis of depreciation by function		
Operating costs	$ 105	$ 832
Operating expenses	5,552	10,331
	$ 5,657	$ 11,163
An analysis of amortization by function		
Operating costs	$ -	$ -
General and administrative expenses	628	598
Research and development expenses	64	-
	$ 692	$ 598

(6) Research and development expenses immediately recognized as fee

	2024	2023
Research and development expenses	$ 18,600	$ 26,139

(7) Employee benefits expense

	2024	2023
Short-term employee benefits	$ 39,684	$ 41,246
Post-employment benefits		
Defined contribution plans	12,735	1,823
Defined benefit plans (Note 22)	207	233
	12,942	2,056
Cash-settled and Equity-settled Share-based Payments	8,022	2,489
Director remuneration	2,741	1,740
Other employee benefits	(54)	(36)
	10,709	4,193
Total employee benefits expense	$ 63,335	$ 47,495
An analysis of employee benefits expense by function		
Operating costs	$ 6,856	$ 6,585
Operating expenses	56,479	40,910
	$ 63,335	$ 47,495

(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 Financial Report are authorized for issue, the differences are recorded as a change in accounting estimate.

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 individual Financial Report.

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	$ 4,043	$ 9,554
Foreign exchange losses	(896)	(12,372)
Net gains (losses)	($ 3,147)	($ 2,818)

XXVI. 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 period	$ 31,968	$ 32,624
Adjusted in previous year	1,604	115

	2024	2023
	33,572	32,739
Deferred income tax		
Generated in current period	732	13,692
Income tax expenses recognized in profit or loss	$ 34,304	$ 46,431

A reconciliation of accounting profit and income tax expense and applicable tax rate is as follows:

	2024	2023
Loss before tax from continuing operations	($ 177,791)	($ 1,978)
Income tax benefit calculated at statutory tax rate on pre-tax loss	($ 35,558)	($ 396)
Nondeductible loss in tax	45,723	38,522
Unrecognized loss offset and deductible temporary differences	22,535	8,190
Withholding tax from foreign income	1,604	115
Income tax expenses recognized in profit or loss	$ 34,304	$ 46,431

(2) Income tax recognized in other comprehensive income

	2024	2023
Deferred income tax		
Generated in current year		
Translation of financial statements for foreign operations	$ 7,479	($ 4,338)
Actuarial gains and losses on defined benefit plan	2,553	123
Income tax expense (benefit) 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	$ 9,072	$ 1,405
Current tax liabilities		
Income tax payable	$ -	$ 5,052

(4) Deferred tax assets and liabilities

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

2024

	Balance at	Recognized	Recognized	Exchange	Balance at

	January 1	in profit or loss	in OCI	difference	December 31
Deferred tax assets					
Temporary differences					
Exchange difference of foreign operations	$ 39,081	$ -	($ 7,479)	$ -	$ 31,602
Others	2,533	(701)	(2,553)	-	(721)
	$ 41,614	($ 701)	($ 10,032)	$ -	$ 30,881
Deferred tax liabilities					
Temporary differences					
Others	$ -	($ 31)	$ -	$ -	($ 31)

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)	-	$ -	$ -
Exchange difference of foreign operations	34,743	-	4,338	-	39,081
Others	777	1,879	(123)	-	2,533
	$ 51,279	($ 13,880)	$ 4,215	$ -	$ 41,614
Deferred tax liabilities					
Temporary differences					
Others	($ 188)	$ 188	$ -	$ -	$ -

(5) Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31, 2023	December 31, 2022
Deductible temporary differences		
Debt waiver not been proven	$ 17,391	$ 17,391
Investment loss recognized under the equity method (domestic investees)	153,649	41,069
	$ 171,040	$ 58,460

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

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

(7) Income tax examination

The tax authorities have examined income tax returns of the Company through 2022.

XXVII. Loss per share

(In New Taiwan Dollars)

	2024	2023
Basic loss per share from continuing operations	($ 2.39)	($ 0.59)

	2024	2023
Total basic loss per share	($ 2.39)	($ 0.59)
Diluted loss per share from continuing operations	($ 2.39)	($ 0.59)
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 for the year	($ 212,095)	($ 48,409)
Net loss used to calculate basic loss per share	(212,095)	(48,409)
Effects of dilutive potential ordinary shares:		
After-tax interest on convertible bonds	-	-
Restricted employee shares	-	-
Net loss used to calculate diluted loss per share	($ 212,095)	($ 48,409)

Shares (In Thousands)

	2024	2023
Weighted-average number of ordinary shares outstanding used in calculating basic loss per share	88,835	81,701
Effects of dilutive potential ordinary shares:		
Convertible bonds	-	-
Restricted employee shares / Employee stock options	-	-
Weighted-average number of ordinary shares outstanding used in calculating 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.

XXVIII. 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.

In fiscal year 2024, the Company recognized employee compensation expenses totaling NT$2,300 thousand arising from a cash capital increase with shares reserved for employee subscription. A portion of such compensation, amounting to NT$1,080 thousand, was allocated to employees of the subsidiary, Jing Cheng Materials Co., Ltd, and was accounted for under investments using the equity method.

XXIX. Information on cash flows

(1) Non-cash transactions

In addition to the disclosures in other notes, the investment and financing activities of the Company by non-cash transactions in 2024 and 2023 are as follows:

The subsidiaries resolved to distribute cash dividends of $237,999 thousand and $228,246 thousand, respectively, and decrease $48,271 thousand and increase $12,241 thousand in dividends receivable (classified as other receivables - related parties) in 2024 and 2023, resulting in receiving $286,270 thousand and $216,005 thousand in dividends for 2024 and 2023, respectively.

(2) Changes in liabilities from financing activities

2024

	January 1, 2024	Cash Flow	Non-cash changes: New lease	Non-cash changes: Lease Modification	Non-cash changes: Interest expenses	Non-cash changes: Other（Note）	December 31, 2024
Short-term loans	$ 180,000	($ 100,000)	$ -	$ -	$ -	$ -	$ 80,000
Lease liabilities	14,305	(3,012)	2,052	(12,106)	201	-	1,440
Long-term loan and current portion of long-term loans payable	8,584	(4,063)	-	-	-	-	4,521
Corporate Bonds Payable	-	353,390	-	-	2,157	71,110	284,437
	$ 202,889	($ 246,315)	$ 2,052	($ 12,106)	$ 2,358	($ 71,110)	$ 370,397

2023

	January 1, 2023	Cash Flow	Non-cash changes: New lease	Non-cash changes: Interest expenses	December 31, 2023
Short-term loans	$ 70,000	$ 110,000	$ -	$ -	$ 180,000
Lease liabilities	25,800	(6,202)	(5,761)	468	14,305
Long-term loan and current portion of long-term loans payable	12,553	(3,969)	-	-	8,584
	$ 108,353	$ 99,829	($ 5,761)	$ 468	$ 202,889

XXX. Capital risk management

In order to ensure that each party in the Company will be able to continue as going To ensure that each entity within the Group operates on a going concern basis, the Company manages its capital with the objective of optimizing the balances of debt and equity in order to maximize shareholder returns. There has been no change to the Company’s overall strategy during the reporting period.

The Company's capital structure consists of net debt and equity attributable to owners of the Company. Senior management regularly reviews the Group's capital structure by taking into consideration the cost and associated risks of each class of capital. Based on the recommendations of senior management, the Company balances its overall capital structure through the issuance of new shares, the repurchase of shares, and the repayment of existing debt.

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

XXXI. 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	Level 2	Level 3	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.

The Company did not hold any financial assets or liabilities measured at fair value in fiscal year 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)	274,180	186,314
Financial Liabilities		
Carried at amortized cost (Note 2)	371,684	194,919

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 Company's major financial instruments included equities and bonds investment, trade receivables, accounts payable, bonds payable, borrowings, and notes receivable and payable. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and Interest rate risk), credit risk and liquidity risk.

The 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 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 Company does not engage in transactions of financial instruments (including derivative financial instruments) for speculative purposes.

The Financial Department reports quarterly to the 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 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 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 Company's exposure to market risk of financial instruments and the way it manages and measures such exposure.

(1) Foreign currency risk

The Company manages its foreign exchange risk within the scope permitted by its policies through the use of forward foreign exchange contracts.

Refer to Note 36 for the carrying amounts of the Company’s monetary assets and monetary liabilities denominated in non-functional currencies at the balance sheet date.

Sensitivity analysis

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

The following table details the 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. A positive number below indicates a decrease in pre-tax loss 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	$ 184 (i)	$ 3,271 (i)	$ 582 (ii)	$ 4,728 (ii)
Equity	-	-	43,153 (iii)	52,704 (iii)

(i) Mainly came from the USD-denominated bank deposits of the Company that were outstanding at the balance sheet date and not hedged for cash flow.

(ii) Mainly came from the RMB-denominated bank deposit of the Company that was outstanding at the balance sheet date and not hedged for cash flow..

(iii) Mainly came from the exchange results of foreign subsidiaries held by the Company at the balance sheet date and invested by the equity method.

The Company’s sensitivity to changes in the exchange rates of Renminbi (RMB) and U.S. dollars (USD) decreased during the current year, primarily due to a reduction in bank deposit balances denominated in RMB and USD. Management believes that the sensitivity analysis does not fully reflect the inherent foreign exchange risk, as exposures to foreign currencies outside the balance sheet date may not be indicative of the exposure levels throughout the year.

(2) Interest rate risk

The Company was exposed to interest rate risk because entities borrowed funds at floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed interest rates. 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 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	$ 60,000	$ 16,274
Financial Liabilities	284,437	-
Cash flow interest rate risk		
Financial assets	200,388	96,794
Financial Liabilities	84,521	188,584

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

Assuming all other variables remain constant, a 1% increase/decrease in interest rates would have resulted in a decrease/increase of the Company’s pre-tax net loss by NT$1,159 thousand in 2024 and an increase/decrease of NT$918 thousand in 2023. This is primarily attributable to the Company’s exposure to cash flow interest rate risk arising from variable-rate borrowings and bank deposits.

2. Credit risk

Credit risk refers to the risk of financial loss to the Company if a counterparty fails to meet its contractual obligations. As of the balance sheet date, the maximum exposure to credit risk resulting from counterparties failing to fulfill their obligations, including those arising from financial guarantees provided by the Company, is represented by the carrying amounts of the financial assets recognized in the individual balance sheets.

In order to minimize credit risk, the management of the 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 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 Company's credit risk was significantly reduced.

The Company's trade receivables of 100% in the total balance of trade receivables as of December 31, 2024, was related to the customers exceeding 5% of the total trade receivables.

3. Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2024 and 2023, the Company had available unutilized bank loan facilities set out in (2) below.

(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 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	$ 80,478	$ -	$ -	$ -
Long-term loans	4,234	353	-	-
Lease liabilities	710	769	-	-
Non-interest bearing				
Accounts payable	276	-	-	-
Other Payables	18,590	-	-	-
Corporate Bonds Payable	-	300,000	-	-
	$ 104,288	$ 301,122	$ -	$ -

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	$ 710	$ 769	$ -	$ -	$ -	$ -

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	$ 180,930	$ -	$ -	$ -
Long-term loans	4,231	4,583	-	-
Lease liabilities	5,118	7,346	2,356	-
Non-interest bearing				
Accounts payable	276	-	-	-
Other Payables	22,700	-	-	-
	$ 213,255	$ 11,929	$ 2,356	$ -

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	$ 5,118	$ 9,702	$ -	$ -	$ -	$ -

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	$ 84,521	$ 188,584
- Amount unused	100,000	82,820
	$ 184,521	$ 271,404

XXXII. Related party transactions

Unless otherwise specified in notes, the transactions between the company and related parties are as follows.

(1) The Company’s related parties and relationship

Name of related party	Relationship with the Company
MACRO SIGHT INTERNATIONAL CO., LTD.	Subsidiary
Jing Cheng Material Co., Ltd.	Subsidiary

(2) Disposal of property, plant and equipment

The unrealized gains generated from the disposal of property, plant, and equipment, as well as the sale of machinery and equipment to the subsidiaries (recorded under the investment accounted for using the equity method), are being realized over the useful lives of the machinery and equipment as follows:

	2024					
Items for sale	Unrealized gain at beginning of year	Price for current period	Cost for current period	Unrealized gains	Amortization of current period	Unrealized gain at end of year
Equipment inventory	$ 9,045	$ -	$ -	$ -	($ 3,937)	$ 5,108
Property, Plant and Equipment	528	-	-	-	-	528
	$ 9,573	$ -	$ -	$ -	($ 3,937)	$ 5,636

Items for sale	2023 Unrealized gain at beginning of year	Price for current period	Cost for current period	Unrealized gains	Amortization of current period	Unrealized gain at end of year
Equipment inventory	$ 78,167	$ -	$ -	$ -	($ 69,122)	$ 9,045
Property, Plant and Equipment	528	-	-	-	-	528
	$ 78,695	$ -	$ -	$ -	($ 69,122)	$ 9,573

(3) Endorsements and Guarantees

Endorsements and guarantees for others

Related Party Name/Categories	December 31, 2024	December 31, 2023
Subsidiary		
MACRO SIGHT INTERNATIONAL CO., LTD.	$ -	$ 125,911
Jing Cheng Material Co., Ltd.	102,660	-
	$ 102,660	$ 125,891

Obtained endorsements and guarantees

Related Party Name/Categories	December 31, 2024	December 31, 2023
Subsidiary		
MACRO SIGHT INTERNATIONAL CO., LTD.	$150,000	$ -
Jing Cheng Material Co., Ltd.	150,000	-
	$300,000	$ -
Actual amount utilized	$300,000	$ -

(4) Other related party transactions

1. The part of management service provided by the Company to its subsidiaries is recognized in 2024 and 2023. The Company charges administrative and management service fees amounted to NT$19,341 thousand and NT$19,472 thousand to MACRO SIGHT INTERNATIONAL CO., LTD 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.
2. Receivables from related parties

Related Party Categories	December 31, 2024	December 31, 2023
Other receivables - related parties - management fees		
Subsidiary		
MACRO SIGHT INTERNATIONAL CO., LTD	$ 10,299	$ 19,472
Other receivables - related parties -		

dividends		
Subsidiary		
MACRO SIGHT INTERNATIONAL CO., LTD	$ -	$ 48,271

Other receivables - related parties – Interest		
Subsidiary		
Jing Cheng Material Co., Ltd	$ -	$ 1,048

3. Lending to related parties

Related Party Categories	2024	2023
Interest income		
Subsidiary		
Jing Cheng Material Co., Ltd	$ -	$ 1,048

4. The Company participated in the capital increase of Jing Cheng Material Co., Ltd and increased the investment amount by $600,000 thousand and $80,000 thousand on September 5, 2024 and November 15, 2023.

(5) Compensation of key management

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

	2024	2023
Short-term employee benefits	$ 9,289	$ 9,227
Post-employment benefits	15,115	238
Other long-term employee benefits	1	3
Share-based payments	5,081	1,245
	$ 29,486	$ 10,713

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

XXXIII. Pledged assets

The following assets were pledged as collateral for the issuance of convertible bonds:

	December 31, 2024	December 31, 2023
Financial Assets at Amortized Cost - Current	$ 60,000	$ -

XXXIV. Significant contingent liabilities and unrecognized commitments

Except as otherwise stated in the accompanying notes, the Company has the following significant contingent liabilities as of the balance sheet date:

The Company provided financial guarantees for bank loans of its subsidiaries. As of December 31, 2024 and 2023, the total guarantees provided by the Company was NT$102,660 thousand and NT$125,891 thousand, respectively, and the subsidiaries have utilized NT$72,164 thousand and NT$0 thousand of the guarantees, respectively. Refer to Table 2 of Note 37 for endorsements and guarantees as of December 31, 2024.

XXXV. Significant subsequent events

On March 12, 2025, the Company's Board of Directors resolved to propose a capital market fundraising plan to be carried out in two phases within one year from the date of the shareholders' meeting resolution, depending on the funding needs. The plan authorizes the Board of Directors to issue up to 25,000 thousand shares, with the issuance to be conducted via a private placement, subject to market conditions and the Company's requirements.

XXXVI. Information on foreign currency assets and liabilities with significant impact

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

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 112	32.785 (USD:NTD)	$ 3,678
RMB	2,598	4.478 (RMB:NTD)	11,634
			$ 15,312
Financial assets			
Non-monetary items			
Subsidiaries, associates and joint ventures, accounted for using equity method			
RMB	192,733	4.478 (RMB:NTD)	$ 863,059

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,131	30.705 (USD:NTD)	$ 65,428
RMB	21,852	4.327 (RMB:NTD)	94,554
			$ 159,982
Non-monetary items			
Subsidiaries, associates and joint ventures, accounted for using equity method			
RMB	243,605	4.327 (RMB:NTD)	$ 1,054,079

The Company is primarily exposed to foreign currency rate risk in RMB. 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)	($ 3,147)	1 (NTD:NTD)	$ 2,818

For the Company's gain and loss of foreign currency exchange in 2024 and 2023, the realized amounts (after netting) were a benefit of NT$2,540 thousand and a loss of NT$1,427 thousand, and the unrealized amounts (after netting) were a benefit of NT$607 thousand and a loss of NT$1,391 thousand, respectively.

XXXVII.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 Notes 3 and 4 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 at costs of at least NT$300 million or 20% 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: None.

(2) Information on investees: Table 3

(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 4.
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 5.

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
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
From January 1 to December 31, 2024

TABLE 3

(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 4

(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 5

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 Individual financial report and the actual number of shares delivered without physical registration may be different due to the difference of calculation basis.

§ The Contents of Statements of Major Accounting Items §

Paragon Technologies Co., Ltd.
Statement of Cash and Cash Equivalents
December 31, 2024

Statement 1 (In Thousands of New Taiwan Dollars)

Customer's Name	Summary	Amount
Cash on hand		$ 204
Check and demand deposits		195,375
Foreign currency demand deposit	Including USD $112 thousand @32.785 and RMB $298 thousand @4.478	5,013
		$ 200,592

Paragon Technologies Co., Ltd.
Statement of Financial Assets at Amortized Cost - Current
December 31, 2024

Statement 2

(In Thousands of New Taiwan Dollars)

Name	Summary	Number of units	Par value	Total principal amount	Interest rate	Carrying amount	Accumulated impairment	Notes
Taishin Bank								
Time deposits	New Taiwan dollar time deposits	-	-	$ 60,000	1.42%	$ 60,000	$ -	Pledged

Paragon Technologies Co., Ltd.
Statement of Other Receivables
December 31, 2024

Statement 3 (In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Related party		
MACRO SIGHT INTERNATIONAL CO., LTD.	management Income	10,299
Others	Interest receivable	175
		$ 10,474

Paragon Technologies Co., Ltd.
STATEMENT OF CHANGES IN LONG-TERM SHARES INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
From January 1 to December 31, 2024

Statement 4 (In Thousands of New Taiwan Dollars)

	Balance at January 1		Additions in Investment (Note 2)		Decreases in Investment (Note 3)		(Loss) Gain	Cumulative Translation	Balance at December 31			Market Value or Net Assets Value			Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	(Note 1)	Adjustment	Shares	Ownership %	Amount	Price (NTD)	Total amount	Basis	
Unlisted (OTC) Company Accounted for Using Equity Method															
MACRO SIGHT INTERNATIONAL CO., LTD.	13,992,000	$ 1,044,887	-	$ -	-	($ 237,999)	$ 13,323	$ 37,396	13,992,000	100	$ 857,607	-	$ 863,059	Equity Method	None
Cubee auto parts inc.	500,000	-	-	-	-	-	-	-	500,000	50	-	-	(299)	Equity Method	None
Jing Cheng Material Co., Ltd.	18,000,000	145,491	60,000,000	611,929	-	-	(112,581)	-	78,000,000	100	644,839	-	635,788	Equity Method	None
		$ 1,190,378		$ 611,929		($ 237,999)	($ 99,258)	$ 37,396			$ 1,502,446		$ 1,498,548		

Note 1: Including the realized benefits of NT$3,937 thousand from subsidiaries - associates and joint ventures.
Note 2: Additions in Investment are as follow:

Item	Amount
Cash paid for acquisition of Jing Cheng Material Co., Ltd.	$ 600,000
Cash capital increase with subscription rights reserved for employees	1,080
Restricted shares for employees	10,849
	$ 611,929

Note 3: Decreases in Investment are as follow:

Item	Amount
Received cash dividends from MARCO SIGHT INTERNATIONAL CO., LTD.	($ 237,999)

Paragon Technologies Co., Ltd.
Statement of Changes in Right-of-use Assets
From January 1 to December 31, 2024

Statement 5 (In Thousands of New Taiwan Dollars)

Item	Buildings	Machinery and Equipment	Total	Note
Cost				
Balance, January 1, 2024	$ 17,982	$ 4,542	$ 22,524	
Increase	2,052	-	2,052	
Reduce	(17,982)	(4,542)	(22,524)	
Balance, December 31, 2024	$ 2,052	$ -	$ 2,052	
Accumulated depreciation				
Balance, January 1, 2024	$ 6,389	$ 2,019	$ 8,408	
Increase	2,578	378	2,956	
Reduce	(8,340)	(2,397)	(10,737)	
Balance, December 31, 2024	$ 627	$ -	$ 627	
Balance, December 31, 2024	$ 1,425	$ -	$ 1,425	

Paragon Technologies Co., Ltd.
Statement of Other Non-Current Assets
December 31, 2024

Statement 6 (In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Refundable deposits	Golf club deposit and others	$ 3,114
Other noncurrent assets		
	Golf membership	3,450
	Net defined benefit assets	14,742
		18,192
		$ 21,306

Paragon Technologies Co., Ltd.
Statement of Short-term Loans
December 31, 2024

Statement 7

(In Thousands of New Taiwan Dollars)

Type of loans	Lenders	Balance at December 31	Duration	Interest rate range (%)	Financing facilities	Mortgage or collateral
Unsecured loan - credit loan	Chang Hwa Commercial Bank, Ltd.	$ 20,000	113/12/09～114/03/09	2.425%	$ 20,000	None
	Chang Hwa Commercial Bank, Ltd.	30,000	113/12/16～114/03/16	2.425%	30,000	None
	First Bank	30,000	113/12/18～114/03/18	2.425%	30,000	None
		$ 80,000			$ 80,000	

Paragon Technologies Co., Ltd.
Statement of Lease Liabilities
December 31, 2024

Statement 8 (In Thousands of New Taiwan Dollars)

Item	Summary	Lease term	Discount rate (%)	Balance at December 31
Buildings	Mainly as offices	3 years	2.45%	$ 1,440
Less: non-current				(758)
Lease liabilities -current				$ 682

Paragon Technologies Co., Ltd.
Statement of Operating Revenue
2024

Statement 9 (In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Sales revenue	Revenue from development of jigs and molds	$ 7
Revenue arising from rendering of services	Processing revenue	344
		$ 351

Paragon Technologies Co., Ltd.
Statement of Operating Costs
2024

Statement 10 (In Thousands of New Taiwan Dollars)

Item	Amount
Cost of goods sold	
Raw materials, beginning of year	$ -
Less: Raw materials for sale	(138)
Direct labor	5,900
Manufacturing expenses	2,793
Cost of selling raw materials	138
Inventory recovery benefits	(138)
	$ 8,555

Paragon Technologies Co., Ltd.
Statement of Operating Expenses
2024

Statement 11 (In Thousands of New Taiwan Dollars)

Item	Sales and marketing	General and administrative	R&D expenses	Total
Payroll	$ -	$ 41,054	$ 9,599	$ 50,653
Labor expenses	-	9,325	163	9,488
Depreciation	-	1,731	3,821	5,552
Others	-	15,336	5,017	20,353
	$ -	$ 67,446	$ 18,600	$ 86,046

Paragon Technologies Co., Ltd.
Table of Employee Benefits, Depreciation, Depletion, and Amortization Expenses by Function
From January 1 to December 31, 2024 and 2023

Statement 12 (In Thousands of New Taiwan Dollars)

	2024			2023		
	Classified as cost of revenue	Classified as operating expenses	Total	Classified as cost of revenue	Classified as operating expenses	Total
Employee benefits expense						
Salary and bonus	$ 5,584	$ 30,200	$ 35,784	$ 5,431	$ 30,917	$ 36,348
Labor and health insurance	565	2,325	2,890	586	3,123	3,709
Pension	361	12,581	12,942	372	1,684	2,056
Director remuneration	-	2,741	2,741	-	1,740	1,740
Other employee benefits	196	760	956	196	957	1,153
Share-based payments, equity-settled share-based payments	150	7,872	8,022	-	2,489	2,489
	$ 6,856	$ 56,479	$ 63,335	$ 6,585	$ 40,910	$ 47,495
Depreciation	$ 105	$ 5,552	$ 5,657	$ 832	$ 10,331	$ 11,163
Amortization	$ -	$ 692	$ 692	$ -	$ 598	$ 598

Note:

1. The Company had 37 and 44 employees for the current and preceding year, respectively. There were 7 and 7 non-employee directors, respectively.
2. (1) Average labor cost for the current year is NT$2,020 thousand ("total labor cost for the current year - total director remuneration" / "the number of employees for the current year - the number of non-employee directors").
   The average labor cost for the previous year was NT$1,237 thousand ("total labor cost for the previous year - the director's remuneration" / "the number of employees for the previous year - the number of non-employee directors").
   (2) The average salary and bonus for the current year is NT$1,460 thousand (total salary and bonus for the current year / "the number of employees for the current year - the number of non-employee directors").
   The average salary and bonus for the current year is NT$1,050 thousand (total salary and bonus for the previous year / "the number of employees for the previous year - the number of non-employee directors").
   (3) The average adjustment in employee salaries decreased by 39.05% ("average employee salaries of the current year - average employee salaries of the previous year" / average employee salaries of the previous year).
   (4) Compensation to the supervisor for the current and previous years: the Company has the audit committee and therefore does not have the supervisor.
   (5) Remuneration and compensation policies for directors, managers and employees are as follows:
   a. Remuneration policy for directors
   The remuneration and compensation for the Company's directors are handled in accordance with the Articles of Incorporation and the "Regulations on the Remuneration and Compensation of Directors and Members of Functional Committees". The directors' remuneration is mainly determined in accordance with the company's Articles of Incorporation. If the Company makes a profit in the current year, the Company shall allocate an amount not exceeding 3% as directors' remuneration. However, if the company has accumulated deficits, the amount shall be reserved to compensate for the deficits. The directors' remuneration is reviewed by the Compensation Committee and submitted to the Board of Directors for resolution.
   b. Compensation policy for managers and employees
   The compensation of the managers and employees of the Company, including salary, incentive bonus, and employee bonus stock, is determined based on their positions, responsibilities, performance, and reference to industry standards. The employees' compensation is mainly determined in accordance with the company's Articles of Incorporation. If the Company makes a profit in the current year, the Company shall allocate an amount not less than 5% as employees' compensation. However, if the company has accumulated deficits, the amount shall be reserved to compensate for the deficits. The managers' compensation is reviewed by the Compensation Committee and submitted to the Board of Directors for resolution.